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No. ..-...

IN THE

Supreme Court of the United States

October Term, 1981

FABERGE, INCORPORATED, a Delaware corporation,
Petitioner,

vs.

CHESEBROUGH-POND'S, INC., a New York corporation,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT.

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Questions Presented.

The apparent attempt by the courts below to invade the exclusive jurisdiction of the Patent and Trademark Office and the Court of Customs and Patent Appeals under the Lanham Act raises the following questions:

1. Does a threat by a trademark owner to file a statutory Opposition in the Patent and Trademark Office opposing registration of a trademark, which Opposition is based upon alleged confusing similarity of the parties' (applicant and opposer) respective marks, in the absence of any other facts, create an actual controversy between the parties (applicant and opposer) justiciable by a Federal Court under the Declaratory Judgment Act?

2. May a United States District Court premise its subject matter jurisdiction solely on the pendency of an Opposition proceeding in the Patent and Trademark Office between a trademark owner and an applicant to register a mark, and thereafter grant Summary Judgment which, *inter alia*, enjoins such trademark owner from pursuing that Opposition proceeding or appealing a decision therein to the Court of Customs and Patent Appeals?

3. May a District Court, (assuming *arguendo* it has jurisdiction of the subject matter and parties) without consideration of any evidence or stipulation of facts, grant summary judgment of non-infringement as a matter of law in a trademark matter premised solely on the Court's inferences drawn from comparison of the printed marks of the respective parties?

4. May a District Court premise declaratory judgment jurisdiction on a three year old Opposition to registration of a trademark and thereafter render summary judgment of non-infringement where the proponent of the subject mark had admittedly made no use thereof for at least four years and was presumed to have abandoned it at the time the motion for summary judgment was heard and decided?

Parties to the Proceedings Below and in the Patent and Trademark Office.

The parties to the proceedings in the Courts below, in the Patent and Trademark Office, and in the Court of Customs and Patent Appeals were and are:

Faberge, Incorporated,* a corporation, Petitioner herein and owner of the registered trademark MACHO;

Opposer in the Patent and Trademark Office;

Appellee in the Court of Customs and Patent Appeals; and

Defendant and Appellant respectively in the District Court and Court of Appeals below.

Chesebrough-Pond's, Inc., a corporation, Respondent herein and protagonist of the trademark MATCH;

Applicant for registration in the Patent and Trademark Office;

Appellant in the Court of Customs and Patent Appeals; and

Plaintiff and Appellee respectively in the District Court and Court of Appeals below.

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*For purposes of Rule 28.1 of this Court, it is noted that:

(a) Petitioner has no parent corporation;

(b) In addition to several wholly-owned subsidiaries not listed here, Petitioner has a partially owned subsidiary entitled B.C.S.I. Laboratories, Inc., 4 Sperry Road, Fairfield, New Jersey.

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CHESEBROUGH-POND'S, INC., a New York corporation,
Respondent.

PETITION FOR A WRIT OF CERTIORARI.

Faberge, Incorporated (hereinafter Faberge) hereby petitions that a writ of certiorari be issued to review the Judgment and Opinion of the United States Court of Appeals for the Ninth Circuit entered January 22, 1982.

OPINIONS BELOW.

The Opinion of the United States Court of Appeals for the Ninth Circuit is reported at 666 F.2d 393 (1982) and is printed in the Appendix at pages 1 through 11.

The Rulings of the United States District Court for the Central District of California placed in issue hereby, (Memorandum to Counsel, Findings of Fact and Conclusions of Law, and Final Judgment) are unreported and are printed in the Appendix at pages 13 through 23.

The Judgment of the Court of Appeals for the Ninth Circuit affirming the District Court, was entered on January 22, 1982, Petition for rehearing was timely filed and denied

by the Court of Appeals for the Ninth Circuit on March 18, 1982 (see Appendix, page 12).

A related decision and opinion entered in April 1980 in the United States Court of Customs and Patent Appeals is reported in 618 F.2d at page 776 and is printed in the Appendix at pages 24 through 32.

JURISDICTION.

This Petition for writ of certiorari is being filed within ninety (90) days of denial of the Petition ior rehearing. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

CONSTITUTIONAL, STATUTORY AND REGULATORY PROVISIONS INVOLVED.

Constitution of the United States, Article III,

> "Section 1. The judicial Power of the United States, shall be vested in one supreme Court, and in such inferior Courts as the Congress may from time to time ordain and establish."
>
> . . .
>
> "Section 2. The judicial Power shall extend to all Cases, in Law and Equity, arising under . . . the Laws of the United States."

United States Code, Title 28,

Chapter 9. Court of Customs and Patent Appeals

> *"Section 211. Appointment and Number of Judges*
>
> "The President shall appoint, by and with the advice and consent of the Senate, a chief judge and four associate judges who shall constitute a court of record known as the United States Court of Customs and Patent Appeals. Such court is hereby declared to be a court established under article III of the Constitution of the United States."

Chapter 93. Court of Customs and Patent Appeals

"*Section 1542. Patent Office Decisions*

"The Court of Customs and Patent Appeals shall have jurisdiction of appeals from decisions of:

. . .

"(2) the Commissioner of Patents as to trademark applications and proceedings as provided in section 1071 of Title 15."

Chapter 151. Declaratory Judgments

"*Section 2201. Creation of remedy*

"In a case of actual controversy within its jurisdiction, . . . any court of the United States, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought. Any such declaration shall have the force and effect of a final judgment or decree and shall be reviewable as such."

United States Code, Title 15, Lanham Act

"*Section 1062(a). Examination of Application — Publication of mark when entitled to registration*

"Upon the filing of an application for registration and payment of the fee herein provided, the Commissioner shall refer the application to the examiner in charge of the registration of marks, who shall cause an examination to be made and, if on such examination it shall appear that the applicant is entitled to registration, the Commissioner shall cause the mark to be published in the Official Gazette of the Patent and Trademark Office."

"*Section 1063. Opposition to registration of marks on the principal register*

"Any person who believes that he would be damaged by the registration of a mark upon the principal register may, upon payment of the required fee, file a verified opposition in the Patent and Trademark Of-

fice, stating the grounds therefor, within thirty days after the publication under subsection (a) of section 12 [15 U.S.C. 1062(a)] of this Act of the mark sought to be registered."

"*Section 1064. Cancellation of registrations*

"A verified petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed by any person who believes that he is or will be damaged by the registration of a mark on the principal register established by this Act."

"*Section 1067. Interference, opposition, concurrent use application, cancellation — Procedure*

"In every case of interference, opposition to registration, application to register as a lawful concurrent user, or application to cancel the registration of a mark, the Commissioner shall give notice to all parties and shall direct a Trademark Trial and Appeal Board to determine and decide the respective rights of registration."

"*Section 1071. Appeal to court and review by civil action*

"(a)(1) An applicant for registration of a mark, party to an interference proceeding, party to an opposition proceeding, party to an application to register as a lawful concurrent user, party to a cancellation proceeding, a registrant who has filed an affidavit as provided in section 8, or an applicant for renewal, who is dissatisfied with the decision of the Commissioner or Trademark Trial and Appeal Board, may appeal to the United States Court of Customs and Patent Appeals thereby waiving his right to proceed under section 21(b) hereof." (providing for remedy by civil action).

"*Section 1127. Construction and definitions*

"In the construction of this Act, unless the contrary is plainly apparent from the context:

. . .

"*Abandonment of mark.* A mark shall be deemed to be 'abandoned' —

(a) when its use has been discontinued with intent not to resume. Intent not to resume may be inferred from circumstances. Nonuse for two consecutive years shall be prima facie abandonment."

Code of Federal Regulations

"*37 CFR 2.127. Motions.*

"(a) Motions shall be made in writing and shall contain a full statement of the grounds therefor. . . . Briefs in opposition to a motion shall be filed within 15 days from the date of service of the motion unless another time is specified by the Trademark Trial and Appeal Board or the time is extended on request. Where a party fails to file a brief in opposition to a motion, the Trademark Trial and Appeal Board may treat the motion as conceded."

STATEMENT OF THE CASE.

This petition seeks a writ to review a summary judgment and injunction entered by the District Court below and affirmed by the Court of Appeals below.

I.

Action in the District Court and Court of Appeals for the Ninth Circuit.

The issue here concerns a summary Declaratory Judgment of the District Court below entered on three counts[1] of a complaint filed in October 1978 by Respondent, Chese-

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[1]The original complaint contained other counts all of which were dismissed on Respondent's motion at final hearing.

brough-Pond's, Inc. (hereinafter Chesebrough). The Complaint was filed at a time when a three year *inter partes* administrative struggle in the Patent and Trademark Office (hereinafter PTO) had not yet completely resolved the controversy between the parties. In the PTO, Chesebrough sought, over Faberge's objection and Opposition, to register its mark MATCH.

By the action in the District Court, Chesebrough sought, *inter alia*, a declaration that if it *used* its trademark MATCH on men's toiletries, it would not infringe Petitioner Faberge's rights in Faberge's registered trademark MACHO.

Immediately following the filing of the Complaint in the Court below and before answering the same, Faberge moved to dismiss the Complaint for lack of subject matter jurisdiction alleging that the only occurrences alleged to support jurisdiction, *i.e.*, the threatening, and filing in the PTO of an Opposition to Chesebrough's application to register MATCH, did not constitute, or raise a controversy justiciable in the District Court which would support a Declaratory Judgment action.

The District Court's initial ruling with respect to Faberge's Motion to Dismiss neither granted nor denied the motion, but stayed the action pending further developments in the PTO.

Chesebrough lodged a request for a future order from the District Court compelling Faberge to proceed with greater alacrity in the PTO. No action was taken on that request.

Thereafter Faberge expressly and specifically reserved its right to have any denial of its motion to dismiss reviewed — and filed an Answer in the District Court. In that Answer Faberge specifically averred that, except for what was regarded as a compulsory counterclaim, it had *not* yet charged that Chesebrough had violated its rights in its trademark

MACHO. (See Answer, paragraph 34, App., pp. 44 *et seq.* at pp. 47 and 48.)

Following the filing of the Answer in the District Court Chesebrough moved under Rule 56, Federal Rules of Civil Procedure for summary judgment on Counts 3, 4 and 5 of the Complaint. Responding to said motion Faberge again raised its objection to the District Court assuming jurisdiction based solely on the pending Opposition.

The District Court bypassed Faberge's Motion to Dismiss, and granted Chesebrough's motion, adopted "Findings of Fact" proposed by Chesebrough's counsel, and entered Summary Judgment in favor of Chesebrough. The Judgment stated in substance that no likelihood of confusion or infringement did, or could exist involving the respective marks.

As an additional part of the Summary Judgment, the District Court enjoined Faberge from, among other things,

> "[I]nstituting or prosecuting any suit or other proceedings placing in issue the right of Chesebrough . . . *to register* or use the mark MATCH in connection with cosmetics, toiletries and related products." (App. p. 22, emphasis added).

On appeal to the Court of Appeals for the Ninth Circuit, the Summary Judgment of the District Court was in all respects affirmed.

II.

Prior and Contemporaneous Action in the PTO and Court of Customs and Patent Appeals.

As above stated, the controversy between the parties concerning the respective marks first arose in the PTO some three years prior to commencement of the Declaratory Judgment action in the District Court below. The PTO proceed-

ings were still pending when the District Court action was filed.

In August of 1975, Chesebrough's mark MATCH, which it sought to register in the PTO was published in the Official Gazette of the PTO pursuant to Title 15 U.S.C. Sec. 1062(a). Upon seeing the statutory publication of MATCH, Faberge sent Chesebrough a letter on August 25, 1975 (App. p. 58) stating that it believed Chesebrough's MATCH and Faberge's MACHO to be "confusingly similar" and therefore objected to registration of MATCH. The letter further stated that unless Chesebrough voluntarily withdrew its application to register, Faberge would file an Opposition thereto. When Chesebrough refused, Faberge did file a statutory Opposition in the PTO under the provisions of 15 U.S.C. Sec. 1063.

Chesebrough filed an Answer to the Opposition and by way of Counterclaim in said Answer, petitioned to cancel Faberge's registration of the trademark MACHO.

The Opposition and Cancellation proceedings continued together before the PTO Trademark Trial and Appeal Board (hereinafter TTAB) for over three years until the present District Court action was filed whereupon the proceedings were, in part, suspended at the request of Chesebrough.

When the proceedings were partially suspended in October of 1978, the Cancellation proceedings before the TTAB were *not* suspended, but summary judgment therein was rendered *against* Chesebrough and in favor of Faberge. The judgment was, in effect, by default since Chesebrough had conceded Faberge's motion for summary judgment by failure to file a responsive pleading as required by the TTAB rules (37 CFR 2.127(a)).

Chesebrough appealed the adverse judgment of the TTAB under 28 U.S.C. Sec. 1542 to the Court of Customs and

Patent Appeals (hereinafter the CCPA). In April of 1980 the CCPA affirmed the judgment of the TTAB, specifically stating, *inter alia*, that:

> "The grant of summary judgment [by the TTAB] has finally decided Chesebrough's right to assert its counterclaim [for cancellation of MACHO] thus precluding further consideration of that issue." 618 F.2d 776 at 779. App. pp. 24 *et seq.* at p. 30.

III.

The Actions Commenced in the PTO and the District Court Respectively, Stem From the Identical Factual Base.

Turning again to a consideration of the Summary Judgment *sub judice*, it is to be observed that the District Court was at some pains to confine the judgment strictly to the Declaratory Judgment claims and to make clear that jurisdiction to adjudicate such claims was premised solely on the August 25, 1975 letter (App. p. 58) concerning Faberge's opposition to registration of MATCH in the PTO. At the final hearing of Chesebrough's Summary Judgment motion in the District Court, all counts of the Complaint, other than 3, 4 and 5 — the declaratory judgment counts — were dismissed, as was the second counterclaim of Faberge, which was a claim for malicious prosecution.

Following the somewhat anomalous practice[2] in the Central District of California, Chesebrough proposed, and the District Court adopted "Findings of Fact" to support its Summary Judgment. As to the basis for exercising de-

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[2]See *Hycon Manufacturing Co. v. H. Koch & Sons*, 219 F.2d 353 at 355 (9th Cir., 1955) and *Garter-Bare Co. v. Munsingwear, Inc.*, 650 F.2d 975 at 980 and 982 (9th Cir., 1980) for discussions of the purpose and effect of "findings of fact" when used in a summary judgment proceeding.

claratory judgment jurisdiction, the Court added this footnote to the adopted Findings of Fact:

> "The Court's conclusion of the presence of a justiciable controversy is based entirely upon the letter from Faberge to Chesebrough dated August 25, 1975 asserting that 'Match' was confusingly similar to 'Macho' and expressing an intention to initiate opposition proceedings." App., page 15.

SUMMARY OF ARGUMENT.

The decisions below invade the exclusive province of the PTO and CCPA under the Lanham Act.

The judgment *sub judice* is unconstitutionally advisory since it purports to declare the legal consequences of uncertain future events.

Summary Judgment was improper because jurisdictional facts were sharply disputed.

It also bears emphasis that this matter was concluded in the District Court below by *Summary Judgment* and that no facts were tried and determined. Only the facts of sending and receipt of the letter of August 25, 1975 from Faberge to Chesebrough, are undisputed.

Based solely upon that letter and the Opposition in the PTO, the Courts below inferred a "justiciable controversy," assumed jurisdiction and purported to establish the following rule of law: If a trademark owner objects to, and opposes registration of another's mark which he believes to be confusingly similar to his own, any U.S. District Court has the jurisdictional power to intervene and preempt PTO jurisdiction. The decision *sub judice* further provides that the intervening District Court may enjoin further prosecution of the PTO Opposition proceedings without consideration or determination of any fact other than the facial similarity *vel non* of the two competing trademarks.

REASONS RELIED ON FOR THE ALLOWANCE OF THE WRIT.

The action and judgment of the District Court represents a substantial encroachment on the exclusive jurisdiction of the PTO and CCPA under the Lanham Act. Such jurisdictional conflict is a matter which has heretofore not been addressed by this Court, but now should be for the following reasons:

I.

The Decision Below to Take Jurisdiction Conflicts With Prior Decisions of the Courts of Appeals for the Second, Fifth and Seventh Circuits.

The holding of the Court of Appeals for the Ninth Circuit affirming the conclusion of a "justiciable controversy" and resultant declaratory judgment jurisdiction, is in square conflict with the decision in the Seventh Circuit in *Merrick et al. v. Sharp & Dohme, Inc.*, 185 F.2d 713 (7th Cir., 1950).

In *Merrick* the Court of Appeals for the Seventh Circuit reversed the District Court for the Northern District of Illinois and held that under the Lanham Act, the registration of trademarks was the exclusive province of the PTO and the CCPA saying:

> "A notice of opposition . . . should not be construed as a charge of infringement or a threat to proceed to redress past infringements or to prevent future infringements." 185 F.2d at 717.

The *Merrick* Court further stated:

> "In our opinion the Notice of Opposition here involved *did not* constitute a charge of infringement.
>
> "There was therefore *no justiciable controversy* between appellant and appellees. The judgment of the District Court is reversed and the cause remanded with

directions to dismiss the complaint." 185 F.2d at 718 (emphasis added).

Thus, under the *Merrick* rule, the mere filing in the PTO of a Notice of Opposition, without more, *does not* raise a justiciable controversy giving rise to jurisdiction in the District Court under the Declaratory Judgment Act.

The *Merrick* rule has been followed in the Seventh Circuit in several subsequent cases, see for example: *Sperry Rand Corporation v. Sunbeam Corporation*, 285 F.2d 542 (7th Cir., 1960) reversing an order and injunction of the District Court for the Northern District of Illinois; and *Home Makers, Inc. v. The Chicago Home for the Friendless*, 169 USPQ 262 (7th Cir., 1971) *affirming* the District Court for the Northern District of Illinois, 313 F.Supp. 1087 (1970).

The *Merrick* rule is also approved and followed in the Second Circuit, see *Topp-Cola Company v. Coca Cola Company*, 314 F.2d 124 (2nd Cir., 1963); and in the Fifth Circuit, see *Red Lobster Inns of America v. New England Oyster House*, 524 F.2d 968 (5th Cir., 1975).

Prior to the instant case, the *Merrick* rule was considered by the Ninth Circuit in *Gillette Company v. "42" Products Ltd.*, 435 F.2d 1114 (9th Cir., 1970), but that case was decided on other grounds.

In moving to dismiss the present action in the District Court and in appealing from denial of such motion in the Court of Appeals, Faberge cited the *Merrick* decision and rule. The District Court ignored *Merrick* and in affirming the District Court, the Court of Appeals criticized, attempted

factually to distinguish,[3] and expressly rejected the *Merrick* rule.

Thus a clear-cut issue is presented as to which guidance by this Court is clearly required to resolve the conflict among the Circuits as to the applicability of the *Merrick* rule in Declaratory Judgment cases. The conflict is serious since it can drastically affect uniform and efficient administration of the Lanham Act.

II.

The District Court Exceeded Its Jurisdictional Power When It Purported to Enjoin and Restrain Faberge From Initiating or Proceeding in the PTO With Opposition to Registration of MATCH.

The District Court below first exceeded the acknowledged limits of its jurisdiction and then exacerbated the error when it proceeded to issue an injunction purporting to restrain Faberge from pursuing Opposition proceedings in the Patent and Trademark Office oppossing registration of MATCH by Chesebrough. The Court of Appeals below exceeded *its* jurisdiction in affirming the Judgment granting such injunction.

In essence, the District Court below announced, and the Court of Appeals below affirmed, a proposition under which any District Court always has, as a matter of law, the power

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[3]Although the judgment *sub judice* was a Summary Judgment involving *no fact determination*, the Court of Appeals below attempted to distinguish the *Merrick* rule on the facts and apply instead, the rule announced in *Societe de Conditionnement v. Hunter Engineering Co., Inc.*, 655 F.2d 938 (9th Cir., 1981). *Societe* did not involve a Summary Judgment or a trademark opposition, but was a patent case wherein the District Court's dismissal for want of a "justiciable controversy" was reversed and the case remanded with instructions to "reevaluate the evidence" and make findings of fact with respect to jurisdiction.

to control, limit, and dictate proceedings normally within the exclusive jurisdiction of the PTO and the CCPA.

If the new rule of law enunciated by the District Court in this case were to be adopted in those Circuits which do not now specifically endorse the *Merrick* rule, the potential uncertainty and interference with the PTO tribunals in administering the Lanham Act is enormous.

Excluding the Second, Fifth and Seventh Circuits which presumably will continue to follow the *Merrick* rule, there are some sixty-six United States District Courts in the United States available (if the rule *sub judice* is followed) to entertain a declaratory judgment action every time a trademark opposition or cancellation proceeding is filed in the PTO. Currently there are substantially in excess of 1,000 such *inter partes* proceedings dealt with each fiscal year by the PTO under the Lanham Act.[4] The potential adverse effect upon the orderly and uniform administration of trademarks under the Lanham Act threatened by the judgment of the Court below is obvious.

Clearly the intervention of this Court is highly desirable to head off a flood of improvidently filed declaratory judgment actions in various United States District Courts which are already suffering from extreme congestion.

The District Court below expressly acknowledged exclusive jurisdiction in the PTO over registration proceedings and purported to disclaim such jurisdictional power for itself. In its Memorandum to Counsel anent the final judgment the District Court said:

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[4]See Annual Reports of the Commissioner of Patents and Trademarks for the fiscal years 1980 (Table 8, App. page 59) and 1981 (Table 20, App. page 60).

> "I agree with the defendant [Faberge] that this court lacks jurisdiction over trademark registration and opposition proceedings." App. page 13.

and

> "This court has no desire to encroach in any manner upon the functions of the Patent Office in this matter. However, the fact that the Patent Office has deferred to this court's determination of the infringement issue reassures this court that the interests of justice warrant the action here taken." App. page 14.

Yet notwithstanding such disclaimer the District Court proceeded to enjoin Faberge from further participation in the Opposition to registration of MATCH.

The error of the District Court in preempting jurisdiction in this case is underscored and exacerbated by the fact that its ruling is materially in conflict with the rulings of the PTO and the Court of Customs and Patent Appeals with respect to the same factual background, that is the same Opposition/Cancellation proceedings involving MATCH and MACHO upon which the District Court's rulings are predicated.

When the parties joined issue before the TTAB in 1975 each affirmatively attacked *registration* of the mark claimed by the other. That is to say, Faberge sought to *prevent* registration of Chesebrough's mark MATCH and Chesebrough on the other hand, sought to *cancel* Faberge's existing registration of MACHO.

Registration of trademarks is a matter which Congress has confided to the PTO and over which the courts of the United States have no jurisdiction except that appellate jurisdiction conferred under the trademark laws. *Merrick, supra*, 185 F.2d 713 at 717.

Opposition and cancellation proceedings are trials before an administrative board in which the opposer or petitioner

for cancellation is in the position of plaintiff and must, for jurisdictional purposes, demonstrate its "standing to sue".

In the instant PTO Opposition and Cancellation proceedings each of the parties based its respective "standing to sue" — that is, Chesebrough's right to assert its counterclaim for cancellation, and Faberge's right, by opposition proceedings, to prevent registration — on the alleged confusing similarity of the marks as they appear in the respective registration and application for registration.

Neither party here alleged — in support of its attack on the other's mark — any fact relating to the *use* of MATCH. Faberge's letter to Chesebrough dated August 25, 1975 made no specific objection to, or even mention of Chesebrough's alleged *use* of MATCH as a trademark. In short Faberge did not in its Opposition papers advert to any fact other than the attempt by Chesebrough to *register* MATCH.

In October of 1978 a three year trial in the PTO had not yet resolved the controversy between the parties as to registrability of MATCH. At that point Chesebrough decided to suspend its efforts in the PTO and start anew in the United States District Court in California. Accordingly, Chesebrough filed its Complaint in the District Court, and, at the same time, moved to suspend the TTAB proceedings pending the outcome of the civil action.[5] At that time the proceedings before the TTAB were in this posture: The Opposition was still in the testimony taking phase, while the Cancellation proceedings had progressed somewhat further and were subject to potential dismissal pursuant to Faberge's then pending Motion for Summary Judgment thereon. A

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[5]The background circumstances of the transfer of proceedings from the PTO to the District Court are described in some detail in the published opinion of the CCPA in *Chesebrough-Pond's, Inc. v. Faberge, Incorporated*, 618 F.2d 776 at 777 and 778. App. pages 24 to 32.

hearing on Faberge's Motion for Summary Judgment had been several times continued — upon Chesebrough's motion — ostensibly to permit Chesebrough additional time to file a brief responding to the motion.

As to Chesebrough's motion to suspend proceedings before the TTAB, the latter ruled as follows.

First it, in effect, denied the motion to suspend as to the Cancellation by *granting* Faberge's Motion for Summary Judgment, finally denying Chesebrough's Petition to Cancel the registration of MACHO.

As to the Opposition proceedings, the same were suspended in accordance with Chesebrough's request pending the outcome in the District Court.

The TTAB Summary Judgment in Faberge's favor was appealed by Chesebrough to the CCPA which in 1980 affirmed Summary Judgment as earlier stated herein.

Since exclusive jurisdiction over registration matters is vested in the PTO and CCPA, the decision of the latter should prevail in any conflict with a ruling of the District Court.

III.

The Courts Below Erred in Entering and Affirming Summary Judgment of No-Likelihood-of-Confusion and That Decision Is in Conflict With Decisions of the Court of Appeals for the Second Circuit Among Others.

The District Judge below made it clear that he regarded the question of likelihood of confusion *vel non* to be one of law and not one involving fact determinations. In explaining his ruling the District Judge said:

> "*I am unable to agree* with the defendant *that there are issues of fact here* that render summary judgment inappropriate. For the reasons set forth in paragraphs

> 6, 7, 8 and 9 of the findings, it simply is not reasonable to conclude that 'Match' is confusingly similar to 'Macho,' whether in the context of the trademarks here concerned, or otherwise. I am convinced that *no reasonable jury would find to the contrary, and if they were to do so I would feel obliged to set aside such a verdict.*" Memorandum to Counsel, App. at p. 14 (emphasis added).

The District Court has thus adjudged that, *as a matter of law*, no confusion could possibly result from the concurrent use of the respective marks, MATCH and MACHO. This, we submit, was clear error — error which would not have occurred had the Honorable District Judge not strayed beyond his jurisdictional province.

On Summary Judgment the inferences to be drawn from the underlying facts contained in materials presented to the Court must be viewed in the light of most favorable to the party opposing the motion. *United States v. Diebold, Inc.*, 369 U.S. 654 (1962).

Had the District Court below correctly drawn inferences from the August 1975 letter as prescribed by this Court in the *Diebold* case, it would have applied the *Merrick* rule and dismissed the action for want of a "justiciable controversy".

The existence *vel non* of a "justiciable controversy" under the Declaratory Judgment Act must in almost every case be determined on the basis of the *facts* in that case. *Maryland Casualty Co. v. Pacific Coal & Oil Co.*, 312 U.S. 270 at 273 (1941).

The conclusion of the District Court below that "likelihood-of-confusion" *vel non* may be determined by Summary Judgment as a pure question of law and the affirmance of that conclusion by the Court of Appeals below are in square conflict with decisions in the Second Circuit. See

American International Group Inc. v. London American International Corporation Limited, 664 F.2d 348 (2nd Cir., 1981).

In the *American International* case, *supra*, the district court had granted summary judgment in favor of a defendant in a trademark infringement case stating with respect to the marks there involved:

> "It is obvious that there is no possibility of confusion." 664 F.2d 348 at 350.

The Court of Appeals for the Second Circuit *reversed* citing this Court's ruling in *United States v. Diebold, supra*, 369 U.S. 654 and adding:

> "If the party opposing summary judgment 'generates uncertainty as to the true state of any material fact, the procedural weapon of summary judgment is inappropriate.' *Quinn v. Syracuse Model Neighborhood Corp.*, 613 F.2d 438, 444-45 (2d Cir. 1980)." 664 F.2d 348 at 351.

The *American International* court went on to point out that in trademark cases:

> "A variety of factors may be material in assessing the likelihood of confusion . . . the most pertinent of which, for our purposes here, are (1) the strength of the plaintiff's mark, (2) the degree of similarity between the two marks, (3) the proximity of the products or services, and (4) the defendants' good faith in adopting its mark." 664 F.2d 348 at 351.

Summary judgment being concerned exclusively with matters of law is a peculiarly inappropriate proceeding to determine the jurisdictional fact issues. *American International, supra*, 664 F.2d 348 at 351.

It was at all times Chesebrough's burden as a party moving for summary judgment to show absence of genuine issues concerning any material fact. *Adickes v. S. H. Kress*

and Company, 398 U.S. 144 at 157. Obviously, among the most basic of material facts in this declaratory judgment case, are those showing the existence *vel non* of a "justiciable controversy" upon which to predicate jurisdiction. Even assuming *arguendo* that the existence of such controversy may, in a proper case, be based upon "a real and reasonable apprehension" on the part of a plaintiff, of suit for infringement, this was not such a case. There were *no* undisputed facts even suggested in this case that Chesebrough entertained such apprehension in January 1980 or indeed at any other time. In any event, such facts being disputed could not have been determined by the District Court on a Motion for Summary Judgment.

Moreover the PTO and CCPA clearly do not share the District Court's view as to confusing similarity. The four year period of hotly contested proceedings in the PTO culminating in the ruling of the CCPA affirming summary judgment by the TTAB against Chesebrough, is totally repugnant to the proposition of law announced by the District Court as above noted. From the filing of the Opposition in 1975 until the ruling of the CCPA in 1980, the parties litigated in the TTAB the question of whether or not the proposed use of Chesebrough's mark MATCH would create a likelihood of confusion in view of Faberge's ownership of the registered mark MACHO. *Yet not once was it suggested either by Chesebrough or the TTAB or the CCPA that as a matter of law there could be no likelihood of confusion between MATCH and MACHO.*

It is obvious from a brief examination of the record of the TTAB in sustaining oppositions that an opposition may be sustained by the TTAB even where there are substantial facial differences between the applicant's mark and the opposer's mark. See, for example, the following selected reports of sustaining oppositions:

Proposed Mark	Opposer's Mark	Citation
Zeroxin-5	Zaroxolin	211 USPQ 1015
Do-Little Denim	Do Nothing	210 USPQ 682
Menard	Mennen	210 USPQ 492
Cypas	Cyclopasmol	210 USPQ 494
Zeroxin-5	Xerac	210 USPQ 494
Nutri-Rich	Nutro	209 USPQ 792
Review Master	Viewmaster	207 USPQ 624
Lauro	Yago Sant'Gria	204 USPQ 976
Hot Bug	Hot Shot	204 USPQ 941

One may rhetorically ask: If the conclusion of law now reached by the District Court below is a valid one, why was it not asserted by Chesebrough in a Motion to Dismiss the Opposition? The answer to that question is, we submit, that the conclusion reached in the District Court below and adopted and affirmed by the Court of Appeals below is invalid; not sustainable under any reasonable interpretation of the law; and would have been rejected out-of-hand if advanced by Chesebrough in the PTO or CCPA.

The "standings" of each of the parties in the PTO and subsequently in the CCPA were premisd on the proposition that the respective marks are at least sufficiently similar to warrant raising and litigating the issue of "likelihood of confusion". The ultimate proof of the allegations on that issue must, in our view, depend upon a determination of the *facts* involved. Such jurisdictional facts were, in effect, conceded by Chesebrough in the TTAB, and were strongly disputed by Faberge in the District Court. Thus, the issue of confusing similarity should not have been concluded in the Courts below by summary judgment even assuming *arguendo* that the District Court had subject matter jurisdiction.

The CCPA, as earlier noted, ruled that:

> "The grant of summary judgment [by the TTAB on November 30, 1978] has finally decided Chesebrough's *right to assert its counterclaim* [for cancellation of the registration of MACHO] thus precluding further consideration of that issue." 618 F.2d 776 at 779 (emphasis added). App. pp. 24 *et seq.* at p. 30.

Chesebrough's "right to assert its counterclaim" necessarily involves a determination that MATCH and MACHO are confusingly similar or at least negatives the proposition asserted by the District Court, namely, that as a matter of law such confusion cannot occur.

The language used by the CCPA concerning Chesebrough's "right to assert its counterclaim" is, we submit, another way of referring to what has been recently referred to by the CCPA, as a party's "standing" to initiate opposition or cancellation proceedings. Such "standing" exists only where the respective marks conflict. See *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024 at 1028 (CCPA, 1982).

It is clear from the CCPA ruling in *Chesebrough v. Faberge* that the TTAB dismissal of the petition to cancel in November of 1978 constituted *res judicata* that Chesebrough does have "standing", *i.e.*, that there *is* at least a possibility of confusion as between MATCH and MACHO. Such ruling also constitutes a strong indication that had the Opposition been permitted to continue, Faberge would have prevailed.

Stating the matter succinctly:

The CCPA has ruled that MACHO is confusingly similar to MATCH wherefore Chesebrough had standing to petition (albeit unsuccessfully) to cancel MACHO.

But the District Court has ruled that MATCH is *not* confusingly similar to MACHO wherefore Faberge is enjoined from opposing registration of MATCH.

The foregoing conflict between the rulings of the District Court and the CCPA illustrates clearly the wisdom and propriety of the *Merrick* rule. If that rule had been followed in this case, Faberge's initial motion to dismiss the District Court action would have been granted and the matters then pending in the PTO would not have been interrupted and would have long since been finally concluded.

IV.

The District Court Erred in Granting Declaratory Judgment Because Even Assuming There May Have Once Been a Justiciable Controversy, None Existed When the Motion for Summary Judgment Was Heard and Decided.

The Court of Appeals below attempted to justify its rejection of the *Merrick* rule by reference to its recent decision in *Societe de Conditionnement v. Hunter Engineering Co., Inc.*, 655 F.2d 938 (9th Cir., 1981). As earlier stated the *Societe* case is inapposite since it is a patent case and in any event did not affirm a *summary judgment* as was done in the case *sub judice*.

The attempted application of *Societe* to the case at bench makes manifest a still further error of the rulings below. In affirming the District Court's conclusion that a justiciable controversy existed by reason of the letter of August 25, 1975, the Court of Appeals ruled that the "justiciable controversy" requirements of the Declaratory Judgment Act were satisfied because when its application to register was opposed, Chesebrough had, so the Court below inferred, a "real and reasonable" apprehension that it would be subject to infringement liability if it used the mark MATCH.

Assuming, but by no means agreeing, that there was, in 1975 or 1976, any basis for such determination by summary

judgment, the requirements of the Declaratory Judgment statute still were not met in this case.

It is well established by this Court that the Declaratory Judgment requirement of a "justiciable controversy" is that such controversy must be shown to exist at the time of the hearing and not merely at the time of some antecedent transaction between the parties. See *Golden v. Zwickler*, 394 U.S. 103 at 110 (1969).

If Chesebrough ever had, as a result of the threatened opposition, any "real and reasonable apprehension" that it would be sued for infringement, that apprehension was at best, evanescent and existed, for a brief time, sometime in 1975 — perhaps as late as 1976. But the summary judgment hearing during which the District Court concluded that a "justiciable controversy" existed, was some four years later, *i.e.*, in January 1980. In the intervening four years Chesebrough, by its own admission, had not used the mark MATCH and any trademark rights which it may have had as a result of its minimal usage in 1975 are presumed, *prima facie*, to have been abandoned, 15 U.S.C. Sec. 1127. Thus, any apprehension of suit for infringement which Chesebrough contends it had initially, had, by the time of the 1980 hearing, evaporated and was no longer "real" nor "reasonable".

The situation here is closely analogous to the situations dealt with by this Court in *Steffel v. Thompson*, 415 U.S. 452 (1974) and *Ellis v. Dyson*, 421 U.S. 426 (1975).

In *Steffel, supra*, the justiciable controversy giving rise to federal declaratory judgment jurisdiction was the enforceability of an ordinance purporting to prohibit the distribution of handbills. The Court of Appeals in *Steffel* denied declaratory relief on the grounds that the action for violation

of the subject ordinance was not still pending when the declaratory judgment action was filed.

This Court reversed the Court of Appeals in *Steffel*, but in remanding the case gave specific instructions that on remand the District Court should:

> ". . . determine if subsequent events have so altered petitioner's desire to engage in handbilling at the shopping center that it can no longer be said that this case presents 'a substantial controversy, between the parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.' " (citations omitted) 415 U.S. 452 at 460.

Similarly in *Ellis, supra*, the controversy giving rise to federal declaratory judgment jurisdiction was the constitutionality *vel non* of an anti-loitering ordinance of the City of Dallas. By the time of the hearing it appeared that the counsel for the declaratory judgment plaintiffs had not been in touch with their clients for approximately a year and were unaware of their whereabouts.

On the basis of the above facts this Court remanded the case to the District Court to determine if the controversy was still alive. In so doing, this Court said:

> ". . . we possess greater reservations here than we did in *Steffel* as to whether a case or controversy exists today."

and observed:

> ". . . [I]f petitioners no longer frequent Dallas, it is most unlikely that a sufficiently genuine threat of prosecution for possible future violations of the Dallas ordinance could be established." 421 U.S. 426 at 434.

Clearly in this case, whatever justiciable controversy may have existed in 1975 had expired in January 1979 when Faberge's motion to dismiss was first heard. Thus, under the rule announced by this Court in *Golden v. Zwickler*,

supra, 394 U.S. 103 at 110, the motion to dismiss should have been granted.

It also bears emphasis that in the *Societe* case, *supra* (655 F.2d 938) relied on by the Court of Appeals as justifying rejection of the *Merrick* rule, the District Court judgment was reversed and remanded with instructions to "re-evaluate the evidence" with respect to the alleged justiciable controversy.

In the case *sub judice* the Court of Appeals rejected the *Merrick* rule in favor of the "real and reasonable apprehension" rule set forth in *Societe*. Yet the Court of Appeals did not remand this case for an evidentiary hearing as was done in *Societe*.

This inconsistent ruling in the Court of Appeals below underscores the need for review by this Court.

CONCLUSION.

The Lanham Act was enacted in 1946 and has provided a uniform and carefully interrelated system of rules, both procedural and substantive, under which all phases of the adoption, registration, use and infringement of trademarks are regulated and, where necessary, adjudicated.

During the thirty-five years of operation under the Lanham Act the PTO has instituted a highly effective administrative Trademark Trial and Appeal Board (the TTAB) under which *inter partes* disputes relating to the adoption, registration, and cancellation of registration of trademarks are adjudicated. This Board is subject to appellate review by the CCPA and its trial jurisdiction is exclusive as to the matters which it is authorized to adjudicate. While appellate review of TTAB decisions is only optionally vested in the CCPA, once an appellant — as Chesebrough did here — has elected to obtain review by the CCPA, it may no longer

proceed by way of an action *de novo* in the District Court. See 15 U.S.C. Sec. 1071.

The TTAB is comprised of experienced Trademark Examiners and handles hundreds of trademark disputes each year. Under this system the TTAB has developed a high degree of expertise and efficiency in the trial of trademark matters. Additionally an extensive body of coherent case law, all keyed to the Lanham Act has been compiled as a result of TTAB and CCPA decisions.

In these circumstances the trial jurisdiction in the TTAB should not be inhibited in favor of jurisdiction in the District Courts without compelling independent jurisdictional grounds for doing so. None appears in this case.

The *Merrick* rule, we submit, is well reasoned, necessary and proper to protect the trial and appellate jurisdiction of the TTAB and the CCPA respectively to adjudicate *inter partes* disputes relating to *registration, i.e.*, Oppositions and Petitions to Cancel. Since the decisions of the Courts below expressly reject the *Merrick* rule, intervention of this Court is urgently needed to prevent undue and improper interference with the operations of the PTO under the Lanham Act and to prevent a growing influx of improvidently filed Declaratory Judgment actions in United States District Courts which are already suffering from an extreme overload of pending cases.

Issuance of the Writ is earnestly solicited.

Dated: June 15, 1982.

Respectfully submitted,

WILLIAM K. RIEBER,
FULWIDER, PATTON, RIEBER,
LEE & UTECHT,
Attorneys for Petitioner.

APPENDIX.

Opinion.

Chesebrough-Pond's, Inc., a corporation, Plaintiff-counterdefendant-appellee, v. Faberge, Incorporated, a corporation, Defendant-counterclaimant-appellant. No. 80-5117.

United States Court of Appeals, Ninth Circuit.

Argued and Submitted Oct. 7, 1981. Decided Jan. 22, 1982.

Plaintiff brought suit against a competitor in the men's toiletries and cosmetics industry seeking a declaratory judgment that its trademark "Match" was not so similar to competitor's trademark "Macho" that its use constituted trademark infringement or unfair competition. The United States District Court for the Central District of California, William P. Gray, J., granted summary judgment in favor of plaintiff and dismissed competitor's counterclaim for infringement and unfair competition, and competitor appealed. The Court of Appeals, Hug, Circuit Judge, held that trademark "Match" was not so similar to a competitor's trademark "Macho" that its use constituted trademark infringement or unfair competition.

Affirmed.

William K. Rieber, Los Angeles, Cal., argued, for defendant-counterclaimant-appellant; William G. Anderson, Fulwider, Patton, Rieber, Lee & Utecht, Los Angeles, Cal., Richard Whiting, Davis, Hoxie, Faithfull & Hapgood, New York City, on brief.

Richard A. Wallen, Harris, Kern, Wallen & Tinsley, Los Angeles, Cal., for plaintiff-counterdefendant-appellee.

Appeal from the United States District Court for the Central District of California.

Before HUG, FARRIS and BOOCHEVER, Circuit Judges.

HUG, Circuit Judge:

This is an action for declaratory and injunctive relief, brought by Chesebrough-Pond's, Inc. ("Chesebrough") against Faberge, Inc. ("Faberge"). Chesebrough sought a declaratory judgment that its trademark "Match" is not so similar to Faberge's trademark "Macho" that its use constitutes trademark infringement or unfair competition. Chesebrough also sought an injunction to preclude Faberge from interfering with its use of the trademark. Faberge filed a counterclaim for trademark infringement. On a motion for summary judgment, the district court entered the declaratory judgment and injunction sought by Chesebrough and dismissed Faberge's counterclaim for infringement and unfair competition.

The issues presented in this appeal are: (1) whether a justiciable controversy existed; and (2) whether a genuine issue of fact existed as to the likelihood of confusion of the trademarks.

I
FACTS

In February, 1975, Chesebrough filed an application to register its trademark, "Match," for a line of men's toiletries and cosmetics. It began developing the product line, investigating marketing, and creating packaging and advertising. Chesebrough's initial investment in development was approximately $650,000.00.

In June, 1975, Faberge acquired the "Macho" trademark, which had been registered by its prior owner in February, 1973. This mark also covered a line of men's toiletries and cosmetics. Faberge has marketed products under the "Macho" mark.

After receiving notice of the pending registration of "Match," Faberge sent Chesebrough a letter on August 25, 1975, stating that it believed the two marks to be "confusingly similar," and that unless Chesebrough withdrew its application, Faberge would file opposition thereto. When Chesebrough refused, Faberge did file an opposition proceeding in the Patent and Trademark Office. It was alleged that the " 'Match' mark so resembles opposer's mark 'Macho' as to be likely . . . to cause confusion, mistake and deception." Chesebrough filed an answer and a petition to cancel the "Macho" mark. The administrative action continued for three years, but remained in the discovery stage.

In October, 1978, Chesebrough filed this action in the district court seeking a declaratory judgment that use of "Match" would not infringe upon Faberge's rights in "Macho." Faberge counterclaimed for infringement and unfair competition and an injunction to prevent Chesebrough from using the term "Match." On Chesebrough's motion for summary judgment, the district court granted Chesebrough its requested declaratory and injunctive relief and entered judgment against Faberge on its counterclaim. It held that a substantial controversy existed between the parties "stemming from [Faberge's] letter of August 25, 1975." It found no likelihood of confusion of the two marks, and concluded that Chesebrough has the right to use the trademark "Match" insofar as the word itself is concerned, free from interference by Faberge.[1]

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[1]The district court judgment states in part:

> 5. Chesebrough has the right to use, in connection with cosmetics, toiletries, and related products, the trademark "Match," insofar as the word itself is concerned, free from interference from Faberge, its officers, its agents, servants, employees, attorneys, privies, representatives, successors, and assigns, and any and all persons acting in concert or in participation with them, whether separately or jointly, in and throughout the United States its territories and possessions or in any foreign country where the ac-

(footnote continued on following page)

Faberge appealed on the basis that the case does not present a justiciable controversy. It also argued that even if the case was properly before the district court, the grant of summary judgment was error because factual disputes exist as to consumer practices and perceptions, marketing of products bearing the marks, and the parties' intent.

II

Existence of an Actual Controversy

A. *Standard*

Before this court, Faberge argued that any potential threat of an infringement action is not sufficiently ripe to satisfy the case or controversy requirement, which limits declaratory judgment jurisdiction. It relied upon *Merrick v. Sharp & Dohme, Inc.*, 185 F.2d 713 (7th Cir. 1950), *cert. denied*, 340 U.S. 954, 71 S.Ct. 573, 95 L.Ed. 687 (1951),

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tivities of Faberge or Chesebrough have a substantial effect on interstate commerce or any commerce which Congress may lawfully regulate.

6. Faberge, its officers, agents, servants, attorneys, privies, representatives, successors, and assigns, and any and all other persons acting in concert or participation with them, either separately or jointly, are hereby permanently enjoined from:

a. interfering with, or threatening to interfere with the use of the trademark "Match" by Chesebrough, its related companies, successors, or assigns, in connection with its or their business in and throughout the United States its territories and possessions or in any foreign country where the activities of Faberge or Chesebrough have a substantial effect on interstate commerce or any commerce which Congress may lawfully regulate;

b. instituting or prosecuting any suit or other proceeding, placing in issue the right of Chesebrough or said related companies, successors, or assigns, to register or use the mark "Match" in connection with cosmetics, toiletries, and related products in and throughout the United States its territories and possessions or in any foreign country where the activities of Faberge or Chesebrough have a substantial effect on interstate commerce or any commerce which Congress may lawfully regulate.

The district court also stated that:

[n]o finding is made by the Court respecting the possibility of confusion arising in the event plaintiff should adopt a trade dress for its "Match" products similar to that of Faberge.

which held that the filing of a notice of opposition to registration with the Patent and Trademark Office is not equivalent to a charge of infringement. This reliance on *Merrick* is misplaced, for we view that case as inconsistent with the approach to declaratory judgments adopted by this circuit in *Societe de Conditionnement v. Hunter Engineering Co.*, 655 F.2d 938 (9th Cir. 1981).

The Declaratory Judgment Act, 28 U.S.C. § 2201, allows this court to consider cases in which an "actual controversy" exists. In *Societe* we considered under what circumstances a trademark or patent dispute ripened into an actual controversy. We held that the requirements of the Declaratory Judgment Act were satisfied "if the plaintiff has a real and reasonable apprehension that he will be subject to liability . . . ." *Id.* at 944. In applying this standard, we focused upon the position and perceptions of the plaintiff, declining to identify specific acts or intentions of the defendant that would automatically constitute a threat of litigation. The acts of the defendant were instead to be examined in view of their likely impact on competition and the risks imposed upon the plaintiff, to determine if the threat perceived by the plaintiff were real and reasonable.

Societe thus requires a flexible approach that is oriented to the reasonable perceptions of the plaintiff. The *Merrick* test, which offers a set rule under which the defendant's actions determine the existence of an actual controversy, does not fit with this analysis.[2]

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[2]Several recent authorities have questioned the vitality of the *Merrick* decision. *See Continental Connector Corp. v. Continental Specialties Corp.*, 413 F.Supp. 1347 (D.Conn. 1976); A. Greenbaum, *The Thirty-Second Year of Administration of the Lanham Trademark Act of 1946*, 69 Trademark Reporter 517, 603-04 (1979). The sources reason that the precedential value of *Merrick* is limited because it relied upon *Postum Cereal Co. v. California Fig Nut Co.*, 272 U.S. 693, 47 S.Ct. 284, 71 L.Ed. 478 (1927). *Postum* held that an opposition proceeding before the Patent and Trademark Office did not present a "case" under Article III. In *Brenner v. Manson*, 383 U.S. 519, 86 S.Ct. 1033, 16 L.Ed.2d 69 (1966), the application of *Postum* was restricted to the statutory scheme in existence prior to 1929. Arguably, *Brenner* also

(footnote continued on following page)

Faberge warns that a rejection of *Merrick* will cause the district courts to be burdened with unlimited and redundant requests for declaratory judgments based on imagined threats of infringement actions. We see no such danger. Declaratory relief is available at the discretion of the district court. 28 U.S.C. § 2201; *Geni-Chlor International, Inc. v. Multisonics Development Corp.*, 580 F.2d 981, 985 (9th Cir. 1978). Exercise of that discretion will allow rejection of cases that are properly before the Patent and Trademark Office. In addition, as our application of the *Societe* standard to these facts will make clear, a simple opposition proceeding in the Patent and Trademark Office generally will not raise a real and reasonable apprehension of suit.

B. *Application*

The letter sent by Faberge to Chesebrough declaring its intent to file opposition proceedings, stated a prima facie case for trademark infringement, as outlined in 15 U.S.C. § 1114(1). It alleged Faberge's ownership of a registered mark and Chesebrough's use in commerce of a mark so similar to Faberge's that it was likely to cause confusion. The "likelihood of confusion" standard is relevant to both registration and infringement proceedings. 1 McCarthy, *Trademarks and Unfair Competition*, ¶ 20:4 (1973). It was reasonable to infer from Faberge's letter a threat of an infringement action. Faberge did not act to dispel such an inference. It did not disclaim an intent to pursue an infringement action, but, in fact, responded to Chesebrough's complaint with a counterclaim seeking damages for infringement. The actual filing of a counterclaim for infringement bolsters Chesebrough's claim that a real threat existed. See *Societe*, 655 F.2d at 945.

The inference that Chesebrough drew from Faberge's actions was also reasonable in view of the business rela-

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undermines *Merrick*, but the Seventh Circuit adheres to the rule. *See James Burrough Ltd. v. Sign of Beefeater, Inc.*, 572 F.2d 574, 578 n.5 (7th Cir. 1978).

tionship of the parties. The market for men's cosmetics is expanding and highly competitive. The practical effect of the attenuated opposition proceeding before the Patent and Trademark Office was to allow expanded marketing of the "Macho" line, while chilling Chesebrough's efforts to market "Match" products. The threat that the action would move from the Patent and Trademark Office to the district court apparently was real enough to dissuade Chesebrough from further use of its mark, although it had made substantial investments in development and preliminary advertising of the line. Furthermore, a decision of the Patent and Trademark Office allowing the registration of Chesebrough's trademark would not preclude a subsequent infringement action or be determinative of the issues involved. *Carter-Wallace, Inc. v. Procter & Gamble Company*, 434 F.2d 794, 802 (9th Cir. 1970). *See also Driving Force, Inc. v. Manpower, Inc.*, 498 F.Supp. 21, 25-26 (E.D.Pa. 1980). Failure of this court to resolve the dispute would force Chesebrough to choose between continuing to forego competition in this quickly expanding market, and entering the market, risking substantial future damages and harm to relationships with its customers and retailers.

We therefore conclude that although there was no actual threat by Faberge that it would sue Chesebrough for trademark infringement, Chesebrough had a real and reasonable apprehension that such action would be taken. The district court correctly concluded that this case presented an actual controversy.

III

Existence of Factual Issues

A. *Similarity of the Marks*

Faberge contends that the entry of summary judgment was improper because of the existence of a genuine issue of fact. It challenges the district court's conclusion that the

two marks are so "dissimilar in connotation and impact" that no factual dispute exists as to their similarity. It is contended that the affidavit of Dr. Einbond, an associate professor of English, was sufficient to raise a factual dispute on this issue.

The district court based its conclusion on the comparative appearance, sound, and meaning of the two marks. *See AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 351 (9th Cir. 1979); *Carter-Wallace*, 434 F.2d at 800. Only a brief evaluation of these characteristics is necessary to affirm the conclusion that the marks are dissimilar. Their appearance differs both in spelling and in the number of syllables. The marks do not sound the same: the "a" in "Match" is pronounced differently from the "a" in "Macho." The final vowel in "Macho" also distinguishes their sound.

Finally, the derivation and meaning of these words is entirely different. "Macho" is a word of Spanish derivation now in common use in the United States. It means strong, manly, virile. *The Random House College Dictionary*, 802 (1980). "Match" is a common English word of several meanings, each of them totally unrelated to "Macho." In addition, the term "Match" is related to Chesebrough's "Prince Matchabelli" product line, and is distinguishable from "Macho" on that basis.

We therefore agree that no genuine issue of fact exists as to the marks' dissimilarity. Dr. Einbond's conclusionary affidavit was insufficient to create a question of fact. The affidavit contained no facts other than the obvious sounds and spellings of the two words, about which there is no dispute. He did not mention their distinctly different meanings or origins. It was his opinion that the conclusion to be drawn from obvious facts varied from the conclusion reached by the court. The similarity or dissimilarity of these two words is a matter easily evaluated by laymen within the

realm of their common knowledge and experience. It is highly doubtful that expert testimony on the subject, of the type presented by the affidavit, would be of any real assistance to the trier of fact. Certainly it would be well within the discretion of the trial judge to exclude the expert opinion evidence under Fed.R.Evid. 702.[3]

Rule 56(e) of the Federal Rules of Civil Procedure states in part:

> Supporting and opposing affidavits shall be made on personal knowledge, shall set forth such facts as would be admissible in evidence, and shall show affirmatively that the affiant is competent to testify to the matters stated therein.

In this circumstance, when the issue of fact concerned matters of common knowledge and experience, and when it would have been clearly within the discretion of the trial court to exclude the expert opinion at trial under Fed.R.Evid. 702, it was not error to grant a summary judgment even

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[3]Fed.R.Evid. 702 states:

> If scientific, technical, or other specialized knowledge will assist the trier of fact to understand the evidence or to determine a fact in issue, a witness qualified as an expert by knowledge, skill, experience, training, or education, may testify thereto in the form of an opinion or otherwise.

The Notes of the Advisory Committee on the rules when proposed state in part:

> Whether the situation is a proper one for the use of expert testimony is to be determined on the basis of assisting the trier. "There is no more certain test for determining when experts may be used than the common sense inquiry whether the untrained layman would be qualified to determine intelligently and to the best possible degree the particular issue without enlightenment from those having a specialized understanding of the subject involved in the dispute." Ladd, *Expert Testimony*, 5 Vand.L.Rev. 414, 418 (1952). When opinions are excluded, it is because they are unhelpful and therefore superfluous and a waste of time. 7 Wigmore § 1918.

though the expert's conclusion differed from that of the court.[4]

B. *Remaining Factors Relevant to Confusion of Marks*

Faberge next argues that the district court erred in failing to consider expressly all factors relevant to the question of whether two marks are likely to be confused, as enumerated in *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d at 348-49. These factors include:

1. strength of the mark;
2. proximity of the goods;
3. similarity of the marks;
4. evidence of actual confusion;
5. marketing channels used;
6. type of goods and the degree of care likely to be exercised by the purchaser;
7. defendant's intent in selecting the mark; and
8. likelihood of expansion of the product lines.

The issue in this case is only whether there is a likelihood of confusion arising from similarity of two words, "Match" and "Macho". This action does not pertain to the likelihood of confusion arising from packaging or advertising. Factors 1 and 3, the strength of the mark and the similarity of the marks, have been addressed in the evaluation of the similarity of the names. With regard to factors 2, 5 and 6, there is no dispute. Chesebrough concedes that the product lines are identical and that the products move through the same marketing channels to the same outlets for purchase by the same class of customers. There is also agreement that the goods are relatively inexpensive and are thus chosen by

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[4]No affidavit was presented from a marketing expert with an opinion based upon facts such as market studies or observed public reaction to the product names. Such evidence could have raised a genuine issue of fact, whereas the affidavit presented did not.

casual purchasers who invest little or no time or care in their selection. There is no question of fact on these issues because there is no dispute; Faberge's contention is conceded. No issue can be raised concerning factor 7, Chesebrough's intent in selecting the mark, for at the time it began development and use of "Match", Faberge had not yet acquired "Macho." Factors 4 and 8, evidence of actual confusion and likelihood of expansion of product lines, are considerations that would have to await the manner in which Chesebrough products are eventually marketed and the use that is made of the trademark. Such questions are not ripe for disposition at this time.

Because there are no genuine issues of fact, the case is reduced to the legal issue of whether a likelihood of confusion exists from the use of the word "Match" as a trademark. *Alpha Industries, Inc. v. Alpha Steel Tube & Shapes, Inc.*, 616 F.2d 440, 443-44 (9th Cir. 1980). In view of the dissimilarity of the words, the lack of intent to infringe, and the total absence of evidence of actual or potential confusion of the undressed marks, the district court correctly concluded that no likelihood of confusion existed.

The remaining claims, which Faberge attempts to raise for the first time before this court, are without merit.

The judgment of the district court is AFFIRMED.

Order.

United States Court of Appeals for the Ninth Circuit.

Chesebrough-Pond's, Inc., a corporation, Plaintiff-Appellee, v. Faberge, Incorporated, a corporation, Defendant-Appellant. No. 80-5117. D.C. No. CV 78-3990-WPG.

Filed: March 18, 1982.

Appeal from the United States District Court for the Central District of California.

Before: HUG, FARRIS and BOOCHEVER, Circuit Judges.

The panel as constituted in the above case has voted to deny the petition for rehearing and to reject the suggestion for a rehearing en banc.

The full court has been advised of the en banc suggestion and no judge of the court has requested a vote on it. Fed. R. App. P. 35(b).

The petition for rehearing is denied and the suggestion for a rehearing en banc is rejected.

Memorandum to Counsel.

United States District Court, Central District of California.

Chesebrough-Pond's Inc., a corporation, Plaintiff, v. Faberge, Incorporated, a corporation, Defendant.

Faberge, Incorporated, a corporation, Counterclaimant, v. Chesebrough-Pond's Inc., a corporation, Counterdefendant. Civil Action No. 78-3990-WPG.

The court has modified slightly the Plaintiff's Second Proposed Findings of Fact and Conclusions of Law and has signed and filed such findings and a final judgment in the form submitted by the plaintiff. This was done after giving careful consideration to the initial objections by the defendant to the plaintiff's submission; the plaintiff's response thereto; and the defendant's objection to the second submission. In this memorandum, I set out a brief rationale of the basis for the action taken:

(a) For the most part, I agree with the plaintiff's responses to the defendant's criticisms and with the resulting changes reflected in the second set of findings.

(b) The only change that I made in the findings was to make clear that my conclusion that there was a justiciable controversy giving jurisdiction to this court is based entirely upon the letter of August 25, 1975. This is in fulfillment of the request made by the defendant.

I agree with the defendant that this court lacks jurisdiction over trademark registration and opposition proceedings. However, this court does have jurisdiction over matters pertaining to trademark infringement, including declaratory relief if there is a justiciable controversy. I think that such a controversy exists here.

The plaintiff can reasonably infer that if the defendant would seriously oppose registration of "Match" because

of the existence of the defendant's trademark "Macho," there exists a grave risk of an infringement action on the same basis after the opposition proceeding has concluded. But this would likely occur several years down the road. It seems to me that the plaintiff it entitled to have the issue of "likelihood of confusion" finally and promptly decided, instead of, on the one hand, having to wait years for successive decisions by the Patent Office and the courts, or, on the other hand, proceeding with expensive promotion of "Match" at its peril.

This Court has no desire to encroach in any manner upon the functions of the Patent Office in this matter. However, the fact that the Patent Office has deferred to this court's determination of the infringement issue reassures this court that the interests of justice warrant the action here taken.

(c) I am unable to agree with the defendant that there are issues of fact here that render summary judgment inappropriate. For the reasons set forth in paragraphs 6, 7, 8 and 9 of the findings, it simply is not reasonable to conclude that "Match" is confusingly similar to "Macho," whether in the context of the trademarks here concerned, or otherwise. I am convinced that no reasonable jury would find to the contrary, and if they were to do so I would feel obliged to set aside such a verdict. Under these circumstances, I cannot justify putting the parties to the burden of an expensive trial.

I believe that the basis for this court's decision now is clear to the parties.

DATED: January 30, 1980.

/s/ William P. Gray
WILLIAM P. GRAY
United States District Judge

Plaintiff's Second Proposed Findings of Fact and Conclusions of Law.

United States District Court, Central District of California.

Chesebrough-Pond's Inc., a corporation, Plaintiff, v. Faberge, Incorporated, Defendant.

Faberge, Incorporated, a corporation, Counterclaimant, v. Chesebrough-Pond's Inc., a corporation, Counterdefendant. Civil Action No. 78-3990 WPG.

Filed January 30, 1980.

FINDINGS OF FACT

1. Plaintiff and Counterdefendant Chesebrough-Pond's Inc. (hereinafter "Chesebrough"), is a New York corporation with its principal place of business in Connecticut.

2. Defendant and Counterclaimant Faberge, Incorporated (hereinafter "Faberge"), is a Minnesota corporation with its principal place of business in New York.

3. This is a civil action in which Chesebrough seeks a declaratory judgment* under Counts 3-5 of the Complaint that its use of the trademark MATCH for men's cosmetics and toiletries does not constitute infringement of the federally registered mark MACHO, unfair competition, or false designation of origin under 15 U.S.C. §§ 1114(1), 1125(a) and 1126, and that the use of the mark MATCH does not constitute common-law trademark infringement, unfair competition or dilution of the trademark MACHO. Faberge has asserted a counterclaim against Chesebrough alleging that Chesebrough's use of the trademark MATCH for men's cosmetics and toiletries constitutes an infringement of its

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*The court's conclusion of the presence of a justiciable controversy is based entirely upon the letter from Faberge to Chesebrough, dated August 25, 1975, asserting that "Match" was confusingly similar to "Macho" and expressing an intention to initiate opposition proceedings.

federally registered mark MACHO, as well as unfair competition.

4. Faberge is the owner of Registration No. 952,848, issued February 6, 1973, of the trademark MACHO for personal hygiene spray.

5. Chesebrough has used the trademark MATCH for men's toiletries and cosmetics, including all purpose lotion, dusting powder, hair spray and conditioner, deodorant, scented soap and toilet lotion. Chesebrough has pending application serial No. 43,374, filed February 4, 1975, for registration of the trademark MATCH for all purpose toiletry lotion, dusting powder, hair spray and conditioner, spray deodorant and scented soaps. This application was approved for registration by the Examiner in the United States Patent and Trakemark Office and published in the Official Gazette on August 5, 1975. An opposition to the registration was filed by Faberge and that proceeding, Opposition No. 57,551, is under suspension pending the outcome of this action.

6. The trademarks MATCH and MACHO differ significantly in sound and appearance.

7. The word "macho" is identified in Faberge's Registration No. 952,848 as a Spanish word meaning "virile" or "manly". The word "macho" is defined in Velasquez, *A New Pronouncing Dictionary of the Spanish and English Languages* as follows, page 419:

"Masculine, vigorous, robust, male."

8. The word "match" has multiple meanings in the English language including the following as set forth in *Webster's New Collegiate Dictionary* (1973):

"(1) A person or thing equal or similar to another; (2) a pair suitably associated; (3) a contest between two or more parties; (4) to encounter successfully as

an antagonist; and (5) to fit together or make suitable for fitting together."

9. The marks MATCH and MACHO are wholly dissimilar in connotation and the impact of the two marks on purchasers in the marketplace would be substantially diverse.

10. It is not contested for the purpose of this motion that Faberge's registration of the MACHO mark is valid and that Faberge's predecessor made use of the mark MACHO prior to Chesebrough's use of MATCH; nor is it contested that Chesebrough and Faberge have used their respective trademarks MATCH and MACHO on identical or closely related goods—namely, low-priced men's cosmetics and toiletries sold through the same channels of trade to the same class of buyers—namely, the general consuming public, who are essentially casual purchasers who devote the same amount of time to the purchase of cosmetics and toiletries as they do to the purchase of other relatively inexpensive products at drug stores, department stores and the like.

11. Chesebrough adopted the mark MATCH prior to Faberge's acquisition and use of MACHO. The only evidence of the extent of use or advertising of MACHO by Faberge's predecessor shows that its sales and approximate advertising expenditures were not substantial and such total sales did not exceed $80,000 over a five year period. The record does not show that Chesebrough sought to trade on any goodwill or reputation which may have been established for the MACHO mark.

12. As applied to closely related or identical goods, the trademark MATCH of Chesebrough is not confusingly similar to the federally registered trademark MACHO of Faberge.

13. No finding is made by the Court respecting the possibility of confusion arising in the event plaintiff should adopt a trade dress for its MATCH products similar to that of Faberge.

CONCLUSIONS OF LAW

1. This Court has jurisdiction of the subject matter of Chesebrough's Counts 3-5 and Faberge's first counterclaim, pursuant to 28 U.S.C. §§ 1338(a), 1338(b), 2201 and 2202 and 15 U.S.C. § 1121 and a substantial controversy between the parties exists as to these issues, stemming from the letter of August 25, 1970.

2. The basic test of trademark infringement, unfair competition and false designation of origin under the Lanham Act and under the common-law is "likelihood of confusion". Trademark dilution requires a showing of some degree of confusing similarity of the trademarks in question. See *Friend v. H. A. Friend & Co.*, 416 F.2d 526, 531, 163 USPQ 159, 162 (9th Cir. 1969) cert. den'd 397 U.S. 914, 25 L.Ed.2d 94, 90 S.Ct. 916, 164 USPQ 481 (1970) and *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 136 USPQ 508 (9th Cir. 1963). McCarthy, *Trademarks and Unfair Competition*, Vol. 2, §§ 23.1 and 27.5(A).

3. Regardless of all other factors which bear on the question, it is clear from a simple comparison of the marks themselves as to sound, appearance and meaning that there is no likelihood of confusion among an appreciable number of reasonably prudent buyers in the simultaneous uses by the parties of the marks MATCH and MACHO. *Alladin Plastics, Inc. v. Jerrold Stephen Co.*, 362 F.2d 532, 150 USPQ 10 (9th Cir. 1966) and *B&L Sales Associates v. H. Daroff & Sons, Inc.*, 421 F.2d 352, 165 USPQ 353 (2nd Cir. 1970).

4. Accordingly, there is no genuine issue of fact precluding summary judgment or Chesebrough in this case.

5. Chesebrough's use of the trademark MATCH for men's cosmetics, toiletries and related products does not constitute trademark infringement, unfair competition or false designation of origin under 15 U.S.C. §§ 1114(1), 1125(a) and 1126.

6. Chesebrough's use of the trademark MATCH for men's cosmetics, toiletries and related products does not constitute common-law trademark infringement of the MACHO mark or unfair competition with Faberge.

7. Chesebrough's use of the MATCH trademark for men's cosmetics, toiletries and related products does not constitute a dilution of Faberge's trademark MACHO.

APPROVED AND SO ORDERED
THIS 30 DAY OF JANUARY, 1980.

/s/ William P. Gray
United States District Judge

Submitted by:

HARRIS, KERN, WALLEN & TINSLEY
Attorneys for Plaintiff
and Counterdefendant
Chesebrough-Pond's Inc.
By /s/ Richard A. Wallen
Richard A. Wallen
Dated: January 7, 1980

Final Judgment.

United States District Court, Central District of California.

Chesebrough-Pond's Inc., a corporation, Plaintiff, v. Faberge, Incorporated, a corporation, Defendant.

Faberge, Incorporated, a corporation, Counterclaimant, v. Chesebrough-Pond's Inc., a corporation, Counterdefendant. Civil Action No. 78-3990 WPG.

Filed: January 30, 1980.

The Motion for Partial Summary Judgment of Plaintiff and Counterdefendant Chesebrough-Pond's Inc. under Rule 56 of the Federal Rules of Civil Procedure and the Motion of Defendant and Counterclaimant Faberge, Incorporated for Transfer under 28 U.S.C. § 1404 having come on for hearing on October 29, 1979, and the Court having considered the memoranda of points and authorities filed by the parties on said motions, the affidavits of Messrs. Horowitz, Murray, Sanford and Scagnelli previously filed in this action, the affidavits of Professor Einbond and Mr. Frederick in opposition to the motion for summary judgment, the affidavits of Messrs. Scagnelli, Stein, Neagley, Lacher and Frederick on the motion to transfer, the defendant-counterclaimant's offer to dismiss the counterclaim for malicious prosecution and all other pleadings and papers filed herein; the Court having previously concluded, in its Order dated April 24, 1979, denying defendant's motion to dismiss that it has jurisdiction of the subject matter herein; and the Court having heard and considered the arguments of counsel on said motions on October 29, 1979 and counsel for plaintiff-counterdefendant having agreed at said hearing to dismiss Counts 1, 2, 6 and 7 of the Complaint without prejudice and counsel for defendant-counterclaimant having reiterated his agreement to dismiss without prejudice the counterclaim

for malicious prosecution; and in accordance with the Court's Findings of Fact and Conclusions of Law on the motion for summary judgment;

IT IS HEREBY ORDERED AND ADJUDGED THAT:

1. Plaintiff's Motion for Partial Summary Judgment on Counts 3, 4 and 5 of the Complaint and on the first Counterclaim of defendant-counterclaimant Faberge, Incorporated is hereby granted in its entirety.

2. Defendant's motion to transfer under 28 U.S.C. § 1404 is hereby denied.

3. The remaining counts of the Complaint—namely, Counts 1, 2, 6 and 7, are dismissed without prejudice on motion of the plaintiff.

4. The second counterclaim for malicious prosecution is dismissed without prejudice on motion of the defendant.

ACCORDINGLY, IT IS FURTHER ORDERED AND ADJUDGED THAT:

5. Chesebrough has the right to use, in connection with cosmetics, toiletries, and related products, the trademark MATCH, insofar as the word itself is concerned, free from interference from Faberge, its officers, its agents, servants, employees, attorneys, privies, representatives, successors, and assigns, and any and all persons acting in concert or in participation with them, whether separately or jointly, in and throughout the United States its territories and possessions or in any foreign country where the activities of Faberge or Chesebrough have a substantial effect on interstate commerce or any commerce which Congress may lawfully regulate.

6. Faberge, its officers, agents, servants, attorneys, privies, representatives, successors, and assigns, and any and all other persons acting in concert or participation with

them, either separately or jointly, are hereby permanently enjoined from:

a. interfering with, or threaenting to interfere with the use of the trademark MATCH by Chesebrough, its related companies, successors, or assigns, in connection with its or their business in and throughout the United States its territories and possessions or in any foreign country where the activities of Faberge or Chesebrough have a substantial effect on interstate commerce or any commerce which Congress may lawfully regulate;

b. instituting or prosecuting any suit or other proceeding, placing in issue the right of Chesebrough or said related companies, successors, or assigns, to register or use the mark MATCH in connection with cosmetics, toiletries, and related products in and throughout the United States its territories and possessions or in any foreign country where the activities of Faberge or Chesebrough have a substantial effect on interstate commerce or any commerce which Congress may lawfully regulate.

7. Faberge shall pay the cost and disbursements of Chesebrough in connection with Counts 3-5 and Faberge's first Counterclaim in the sum of $_____ .

APPROVED AND SO ORDERED
THIS 30th DAY OF JANUARY, 1980

/s/ William P. Gray
United States District Judge

Submitted by:

HARRIS, KERN, WALLEN & TINSLEY

Attorneys for Plaintiff
and Counterdefendant
Chesebrough-Pond's Inc.

By /s/ Richard A. Wallen
Richard A. Wallen

Dated: January 7, 1980

Decision.

Chesebrough-Pond's Inc., Appellant, v. Faberge, Incorporated, Appellee. Appeal No. 79-558.

United States Court of Customs and Patent Appeals.

April 17, 1980.

Appeal was taken from a decision of the Trademark Trial and Appeal Board which granted plaintiff's motion for summary judgment dismissing defendant's counterclaim for cancellation of plaintiff's registration of a trademark. The Court of Customs and Patent Appeals, Rich, J., held that: (1) the Court had jurisdiction over the appeal, and (2) the dismissal of a counterclaim for the defendant's failure to timely file an opposition to the plaintiff's motion for summary judgment was not an abuse of discretion.

Affirmed.

Marie V. Driscoll, New York City, attorney of record, for appellant.

Richard Whiting, New York City, attorney of record for appellee, David M. McConoughey, New York City, of counsel.

Before MARKEY, Chief Judge, RICH, BALDWIN, and MILLER, Associate Judges, and FORD,* Judge.

RICH, Judge.

This appeal is from the decision of the Patent and Trademark Office (PTO) Trademark Trial and Appeal Board (TTAB) which granted appellee Faberge's motion for summary judgment dismissing Chesebrough-Pond's (hereinafter "Chesebrough") counterclaim for cancellation of Faberge's registration of the mark MACHO in opposition No. 57,551. We affirm.

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*The Honorable Morgan Ford, Judge, United States Customs Court, sitting by designation.

Background

Faberge opposed registration by Chesebrough of the mark MATCH for use on men's toiletries, based on its use and registration of the mark MACHO for the same goods. Chesebrough counterclaimed for cancellation of Faberge's registration, asserting several grounds for invalidity of the registration, the details of which are not relevant here.

After some discovery, Faberge moved for summary judgment dismissing the counterclaim on the basis that the allegations therein were groundless. Affidavits and exhibits were filed in support of the motion, in refutation of the contentions in the counterclaim, in an effort to establish absence of disputed material facts.

Chesebrough did not wish the motion to be decided without the benefit of additional discovery on the issues raised in its counterclaim. On November 1, 1977, the TTAB set a date for a pre-trial conference and requested the parties to file statements concerning the status of the discovery process. At the conference, future discovery arrangements were detailed, including deposition taking and document inspection. Chesebrough's time to respond to the motion for summary judgment was extended until February 28, 1978.[1]

On February 27, 1978, Chesebrough again moved for an extension of time in which to respond to the motion, asking

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[1]On November 9, 1977, Faberge advised the TTAB that Chesebrough was technically in default concerning the motion for summary judgment, since it had not filed a brief in opposition. The TTAB had reminded Chesebrough of the need to respond by October 28, 1977, stating that additional time in which to respond would be granted if requested. Chesebrough filed such a request on October 27, 1977, for the purpose, inter alia, of obtaining further discovery concerning the counterclaim isses, in a paper entitled RESPONSE TO MOTION FOR SUMMARY JUDGMENT.

the TTAB to set some date in the future. Faberge consented to the request, and it was granted by the TTAB.

On April 13, 1978, Chesebrough again renewed its motion for an extension of time. The parties stipulated that the time should be extended to June 20, 1978, and the TTAB granted the motion on April 27, 1978.

On June 22, 1978, Chesebrough moved to amend its counterclaim by removing certain allegations and inserting other allegations. Simultaneously it also filed a MEMORANDUM IN OPPOSITION TO MOTION FOR SUMMARY JUDGMENT.

On August 7, 1978, the TTAB granted the motion to amend the counterclaim, and set August 28, 1978, as the date for renewal of Faberge's motion for summary judgment on the amended counterlaim. October 2, 1978, was set as the date for Chesebrough's response to the renewed summary judgment motion.

Faberge filed its renewed motion on August 21, 1978. On September 27, 1978, the TTAB agreed to yet another request by Chesebrough for an extension of time, *setting October 30, 1978, as the due date*. The parties were directed to file a stipulated record for purposes of the motion for summary judgment. Faberge was to compile and deliver the record to Chesebrough by October 2, 1978. The record was mailed to Chesebrough on September 29, 1978.

On October 20, 1978, Chesebrough again moved for an extension of time in which to file its brief, stating the circumstance that it had just brought suit against Faberge in the Central District of California on issues said to be dispositive of the opposition. Filed concurrently was a motion to suspend the TTAB proceedings pending the outcome of the civil action.

Faberge wrote to the TTAB on October 26, 1978, submitting the record which it had prepared in accordance with the TTAB request, and attached copies of its unanswered communications sent to Chesebrough seeking compliance with the stipulation request.

The Decision Below

October 30, 1978, passed without the submission of Chesebrough's brief in opposition to Faberge's motion for summary judgment on the counterclaim. It does not appear from the record that Chesebrough ever contacted the TTAB to inquire of the status of its latest request for an extension of time.

One month later, on November 30, 1978, the TTAB issued its decision denying the last request for an extension of time. The TTAB also granted Faberge's motion for summary judgment as conceded under the provisions of 37 CFR 2.127(a), which reads in pertinent part:

> Briefs in opposition to a motion shall be filed within 15 days from the date of service of the motion unless another time is specified by the Trademark Trial and Appeal Board or the time is extended on request. *Where a party fails to file a brief in opposition to a motion, the Trademark Trial and Appeal Board may treat the motion as conceded.* [Emphasis ours.]

The TTAB opinion first detailed the chronology of events which we have set out above, acknowledging the numerous instances in which requests for extensions of time had been granted to Chesebrough. Then, with respect to the application of 37 CFR 2.127(a), the TTAB stated:

> In view of the repeated extensions granted applicant for responding to the motion, we believe that this is a proper case to invoke the provisions of that rule.

Accordingly, we are constrained to proceed on opposer's motion by way of default.

Positions of the Parties

Faberge argues that this court does not have jurisdiction to hear this appeal. Its position is that the denial by the TTAB of a request for an extension of time in which to file a brief, as well as the granting of a motion under the provisions of 37 CFR 2.127(a), is not a "decision" of the TTAB within the meaning of § 21 of the Lanham Act (15 U.S.C. § 1071), the statutory grant of jurisdiction to this court to entertain appeals from the TTAB. Section 21(a)(1) provides, in pertinent part:

> * * * [a] party to an opposition proceeding * * * [or a] party to a cancellation proceeding, * * * who is dissatisfied with the decision of the [TTAB], may appeal to the United States Court of Customs and Patent Appeals * * *.

Faberge contends that the proper avenue of relief for Chesebrough from the action of the TTAB is by petition to the Commissioner under 37 CFR 2.146 if a request to the TTAB for reconsideration of its decision under 37 CFR 2.127(b) is denied.

For this proposition, Faberge relies on decisions of this court in both patent and trademark cases which set forth the "appealable versus petitionable dichotomy." In these cases, this court has drawn a general distinction between substantive and procedural determinations.[2] Chesebrough notes that

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[2]These cases include *In re Searles*, 57 CCPA 912, 422 F.2d 431, 164 USPQ 623 (1970); *In re James*, 57 CCPA 1371, 432 F.2d 473, 167 USPQ 403 (1970), both of which were ex parte patent appeals, and *Dan Robbins & Associates v. Questor Corp.*, 599 F.2d 1009, 202 USPQ 100 (CCPA 1979); *Hercules, Inc. v. National Patent Development Corp.*, 524 F.2d 1227, 187 USPQ 668 (CCPA 1975); *Palisades Pageants v. Miss America Pageants*, 58 CCPA 1225, 442 F.2d 1385, 169 USPQ 790, *cert. denied* 404 U.S. 938, 92 S.Ct. 269, 30 L.Ed.2d 251 (1971); *Martin v. Crown Zellerbach Corp.*, 57 CCPA 968, 422 F.2d 918, 165 USPQ 171, *cert. denied*, 400 U.S. 911, 91 S.Ct. 140, 27 L.Ed.2d 151 (1970); *United States Treasury v. Synthetic Plastics Co.*,

the TTAB considered the motion for summary judgment to be dispositive of the case, since it addressed the issue prior to granting the motion to suspend the proceedings. This is relied upon as conclusive on the issue of appealability and hence jurisdiction. Any dispositive ruling is urged as appealable under § 21 of the Lanham Act.

Chesebrough attempts to distinguish the decisions of this court relied upon by Faberge. It is urged that the ex parte patent appeals are totally nonpertinent and the trademark cases are dismissed by Chesebrough as involving facts not analogous to the instant situation.

Chesebrough relies on this court's decision in *Knickerbocker Toy Co. v. Faultless Starch Co.*, 467 F.2d 501, 175 USPQ 417 (CCPA 1972), where we gave "practical construction" to the final judgment rule, considering the interests in both the administration of justice and the separability of the issue decided from those left undecided. We are urged to hear the appeal now in the interest of judicial economy.

Chesebrough asks that we reverse the decision of the TTAB because it amounts to an abuse of discretion. It notes that summary judgment is not favored, and, likewise, that default judgments are not favored. It states that the request for an extension of time was made, in the last instance, for an overwhelmingly convincing reason—that a civil action potentially dispositive of the issues had been brought, and a motion was pending to suspend the proceedings.

OPINION

Jurisdiction

In considering the question of this court's jurisdiction over this appeal, two distinct issues arise: the significance of the interlocutory nature of the appeal, and the significance of the fact that the decision below was based upon appli-

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52 CCPA 967, 341 F.2d 157, 144 USPQ 429 (1965); *In re Maloy*, 51 CCPA 1081, 328 F.2d 933, 140 USPQ 599 (1964); all of which were trademark appeals.

cation of TTAB procedural rules rather than on the merits of the counterclaim. We shall deal with these issues in order.

This court reviews only final decisions of the TTAB. *Aerco International, Inc. v. Vapor Corp.*, 608 F.2d 518, 203 USPQ 882 (CCPA 1979). Certain interlocutory appeals are sufficiently final for the purpose of immediate review; if the appealed issue is sufficiently separate and distinct from the issues remaining unadjudicated, and the goal of judicial economy would be served by prompt resolution of the dispute, this court has allowed the appeal of interlocutory orders. *Toro Co. v. Hardigg Industries, Inc.*, 549 F.2d 785, 193 USPQ 149 (CCPA 1977); *see also Stabilisierungsfonds Fur Wein v. Zimmermann-Graeff KG*, 198 USPQ 154 (CCPA 1978) (issue discussed, appeal dismissed for lack of jurisdiction). Another factor which we have considered is whether the decision appealed from has finally disposed of a right asserted by one of the parties and foreclosed its further consideration. *R. G. Barry Corp. v. Mushroom Makers, Inc.*, 609 F.2d 1002, 1005, 204 USPQ 195, 198 (CCPA 1979).

We take jurisdiction in this case. The decision appealed from satisfies the above tests. The grant of summary judgment has finally decided Chesebrough's right to assert its counterclaim, thus precluding further consideration of that issue. The issues involved in the instant counterclaim are separate and distinct from the issues remaining in the opposition. This is unlike the situation in *R. G. Barry Corp., supra*, where the TTAB *denied* a motion for summary judgment, thus leaving the possibility that the TTAB could decide in favor of the movant on the ultimate issues and render any appeal on that issue moot.

We find the second reason offered by Faberge in opposing jurisdiction in this case to be without merit. While it is true that the decision below resulted from application of TTAB

rules, its effect is nonetheless substantive since it finally decides Chesebrough's right to assert its counterclaim. We are mindful of the fact that the dividing line between petitionable and appealable matters can be and often is drawn between procedural and substantive decisions.[3] To do so in this situation would, however, exalt form over substance. Even though the TTAB decision was based on a procedural rule, it finally disposed of an asserted right.

Proper Exercise of Discretion

The issue to be resolved in this appeal is a simple one. Can the TTAB, under the circumstances of this case, apply its rule to the effect that an unopposed motion may be treated as conceded? We hold it can.

Litigation is run by rules designed to assure orderly conduct of the proceedings. One of those rules is the timely submission of briefs *unless an extension of time has been granted*. An attorney has no right to assume that extensions of time will always be granted automatically, which, it appears, is what the attorney for Chesebrough assumed here.[4]

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[3]We do not intend our decision here to effect the established rule that errors of a procedural nature occurring in the TTAB or the other PTO tribunals are normally redressed by way of petition to the Commissioner. The exception which we carve out here is narrow and is dictated only by the substantial substantive effect of the TTAB's action. This is one of the rare circumstances in which a procedural ruling by the TTAB is virtually indistinguishable from a decision on the merits in that it finally disposes of the counterclaim.

We caution that our holding that we have jurisdiction to review this essentially procedural decision of the TTAB is based soley on the circumstance that the decision resulted in a grant of summary judgment dismissing the counterclaim in its entirety. We will not normally entertain appeals questioning the propriety of other procedural rulings by PTO tribunals.

[4]Present counsel for appellant was not involved in the proceedings below.

We see no good reason why the brief was not submitted on time. The record is devoid of any excuse by way of extenuating circumstances proffered by counsel for Chesebrough; there appear to be none. The argument that the TTAB knew of Chesebrough's "vigorous" opposition to the motion for summary judgment is irrelevant. It can always be said that one party to an adversary proceeding vigorously opposes the position of the other.

Given the repeated delays and extensions granted to Chesebrough in this case and its accommodation by the TTAB until the last extension was refused, we think the TTAB had little choice but to do what it did; it must be allowed the mechanism which is available by rule in order to enforce the orderly conduct of its proceedings. We do not find the slightest hint of an abuse of discretion in its decision. Regarding Chesebrough's complaint that a month elapsed between the due date of the brief and the TTAB decision, we remind Chesebrough that the burden is on it, not on the TTAB, to assure that it files its papers on time.

The decision of the TTAB is *affirmed*.

AFFIRMED.

Complaint for Damages for Fraudulent Registration of a Trademark, Cancellation of Trademark Registration, and for Declaratory Judgment Re Trademark Infringement, Unfair Competition and Dilution.

United States District Court, Central District of California.

Chesebrough-Pond's Inc., a corporation, Plaintiff v. Faberge, Incorporated, a corporation, Defendant. Civil Action No. 78 3990 WPG.

Filed: October 18, 1978.

FIRST COUNT

1. Plaintiff, Chesebrough-Pond's Inc. (hereinafter "Chesebrough"), is a New York corporation with its principal place of business in Connecticut.

2. Defendant, Faberge, Incorporated (hereinafter "Faberge") is a Minnesota corporation with its principal place of business in New York.

3. Venue is proper within this Judicial District under 28 U.S.C. §§ 1391(b) and (c) as Faberge is qualified to do business and is doing business within this state and this Judicial District.

4. This action for damages for fraudulent registration of a trademark, cancellation of trademark registration, and for declaratory judgment re trademark infringement, unfair competition and dilution arises under the Trademark Act of 1946 (15 U.S.C. §§ 1051-1127), California Civil Code § 3369 and California Business and Professions Code § 14330. The Court has jurisdiction pursuant to 15 U.S.C. §§ 1119, 1120 and 1121, and 28 U.S.C. §§ 1338(a), 1338(b), 2201 and 2202.

5. Chesebrough is in the business of manufacturing, marketing and selling a variety of cosmetic and toiletry products throughout the United States.

6. Faberge is in the business of manufacturing, marketing, and selling a variety of cosmetic and toiletry products throughout the United States.

7. On October 12, 1971, Faberge's predecessor, Ralph Lacher, d/b/a/ Jordan K. Rand Limited filed with the United States Patent and Trademark Office ("Trademark Office") an application to register the word "Macho" as a trademark for personal hygiene spray. The application claimed November, 1970 as the date of first use of "Macho" on personal hygiene spray.

8. The Trademark Office assigned Serial No. 404,812 to the "Macho" application and examined it for compliance with the Federal Trademark Act statutory requirements for registration (15 U.S.C. §§ 1051-1127). Based upon the representations and claims set forth in the application, the Trademark Office caused the "Macho" application to be published in the November 21, 1972 issue of the Official Gazette of the Trademark Office pursuant to 15 U.S.C. § 1062(a). The "Macho" application subsequently was issued as United States Trademark Registration No. 952,848 on February 6, 1973.

9. The November, 1970 claim of first use of "Macho" on personal hygiene spray contained in the "Macho" application which matured to United States Trademark Registration No. 952,848 was false. The first use of "Macho" on such product occurred at a later time.

10. Chesebrough is informed and believes that the November, 1970 claim of first use of "Macho" on personal hygiene spray contained in the "Macho" application which matured to United States Trademark Registration No.

952,848 was made by Ralph Lacher, d/b/a/ Jordan K. Rand Limited with full knowledge of such falsity.

11. Chesebrough is informed and believes that the claim of ownership of "Macho" in Faberge's predecessor, Ralph Lacher, d/b/a Jordan K. Rand Limited contained in the "Macho" application which matured to United States Trademark Registration No. 952,848 was false. Faberge's predecessor, Ralph Lacher, d/b/a Jordan K. Rand Limited did not own the rights to "Macho".

12. Chesebrough is informed and believes that the claim of ownership of "Macho" in Faberge's predecessor, Ralph Lacher, d/b/a Jordan K. Rand Limited contained in the "Macho" application which matured to United States Trademark Registration No. 952,848 was made by Ralph Lacher, d/b/a Jordan K. Rand Limited with full knowledge of such falsity.

13. On or about June 3, 1975, Faberge's predecessor, Ralph Lacher, d/b/a Jordan K. Rand Limited assigned its entire right, title, and interest in and to the word "Macho" and United States Trademark Registration No. 952,848 to Faberge.

14. On February 4, 1975, Chesebrough filed with the Trademark Office an application to register the mark "Match" as a trademark for all purposes toiletry lotion, dusting powder, hair spray and conditioner, spray deodorant, and scent soaps. The Trademark Office assigned the "Match" application Serial No. 43,374 and caused it to be published in the August 5, 1975 issue of the Official Gazette of the Trademark Office pursuant to 15 U.S.C. § 1062(a).

15. On or about October 6, 1975, Faberge filed a notice of opposition in the Trademark Office pursuant to 15 U.S.C. § 1063 opposing registration of the "Match" mark to Chesebrough for all purpose toiletry lotion, dusting powder,

hair spray and conditioner, spray deodorant, and scent soaps. The filing of the notice of opposition initiated a proceeding between the parties before the Trademark Trial and Appeal Board of the Trademark Office ("the proceeding").

16. Faberge alleged ownership of United States Trademark Registration No. 952,848 for "Macho" in its notice of opposition initiating the proceeding.

17. In its notice of opposition, and throughout the course of the proceeding, Faberge has repeated, ratified, and confirmed the following claims contained in the "Macho" application which matured to United States Trademark Registration No. 952,848.

A. That "Macho" was first used on personal hygiene spray in November, 1970.

B. That Faberge's predecessor, Ralph Lacher, d/b/a Jordan K. Rand Limited owned the rights to "Macho".

18. Chesebrough is informed and believes that the November, 1970 claim of first use of "Macho" on personal hygiene spray contained in the "Macho" application which matured to United States Trademark Registration No. 952,848 was false and was repeated, ratified, and confirmed by Faberge with full knowledge of such falsity.

19. Chesebrough is informed and believes that the claim of ownership of "Macho" in Faberge's predecessor, Ralph Lacher, d/b/a Jordan K. Rand Limited contained in the "Macho" application which matured to United States Trademark Registration No. 952,848 was false and was repeated, ratified, and confirmed by Faberge with full knowledge of such falsity.

20. Even before institution of the opposition proceedings, Faberge has stated in writing its position that the

Chesebrough mark "Match" violates its registered trademark rights to the word "Macho". This position was set forth in a certified letter addressed to the President of Chesebrough.

21. In the Trademark Office proceeding subsequent instituted by Faberge, Faberge pursued and amplified its assertion that the Chesebrough "Match" mark violates its trademark rights to the word "Macho". In its notice of opposition initiating the proceeding, Faberge alleged that the Chesebrough "Match" mark so resembled the word "Macho" as to be likely to cause "confusion, mistake, and deception" when applied to the products set forth in the Chesebrough "Match" trademark application.

22. Chesebrough is actively preparing to proceed with full scale commercial sale of cosmetic and toiletry products under the "Match" mark. The Faberge assertion that the Chesebrough "Match" mark violates Faberge trademark rights in the falsely or fraudulently registered mark "Macho" places Chesebrough under the apprehension that Faberge will file a trademark and unfair competition suit to enjoin Chesebrough from using the "Match" mark for cosmetic and toiletry products. Chesebrough is further apprehensive that Faberge will file such suit immediately after "Match" cosmetic and toiletry products reach the market in quantity, causing irreparable injury to Chesebrough.

23. The attempts to enforce such registration and the proceeding brought by Faberge as aforesaid was initiated for the purpose, and with the intent of harassing Chesebrough and forestalling the full scale commercial sale of cosmetic and toiletry products under its "Match" mark.

24. By reason of the foregoing, Faberge's actions have damaged and will continue to damage and irreparably injure Chesebrough.

SECOND COUNT

25. This count seeks cancellation of United States Trademark Registration No. 952,848 for fraudulent registration pursuant to 15 U.S.C. § 1064(c).

26. Plaintiff repeats and realleges Paragraphs 1 through 24 hereof as though fully set forth herein.

THIRD COUNT

27. This count seeks a declaratory judgment of the absence of federal trademark infringement and unfair competition pursuant to 28 U.S.C. §§ 2201 and 2202.

28. Plaintiff repeats and realleges Paragraphs 1 through 26 hereof as though fully set forth herein.

29. Plaintiff repeats and realleges Paragraphs 1 through 26 hereof as though fully set forth herein.

30. Chesebrough and Faberge are presently and have for many years been direct competitors with respect to many of the cosmetic and toiletry products manufactured, marketed and sold by each company.

31. Faberge has stated in writing its position that the Chesebrough mark "Match" violates its trademark rights to the word "Macho". This position was set forth in a certified letter addressed to the President of Chesebrough.

32. Faberge pursued and amplified in the Trademark Office proceeding its assertion that the Chesebrough "Match" mark violates its trademark rights to the word "Macho". In its notice of opposition initiating the proceeding, Faberge alleged that the Chesebrough "Match" mark so resembled the word "Macho" as to be likely to cause "confusion, mistake, and deception" when applied to the products set forth in the Chesebrough "Match" trademark application.

33. Chesebrough is actively preparing to proceed with full scale commercial sale of cosmetic and toiletry products

under the "Match" mark. The Faberge assertion that the Chesebrough "Match" mark violates Faberge trademark rights in the word "Macho" places Chesebrough under the apprehension that Faberge will file a trademark and unfair competition suit to enjoin Chesebrough from using the "Match" mark for cosmetic and toiletry products. Chesebrough is further apprehensive that Faberge will file such suit immediately after "Match" cosmetic and toiletry products reach the market in quantity, causing irreparable injury to Chesebrough.

34. Faberge has not retracted its charge that Chesebrough has violated its rights in the trademark "Macho", and therefore, an actual controversy currently exists between Faberge and Chesebrough with respect to Chesebrough's past use of the "Match" trademark and with respect to its continued use of its trademark.

35. To resolve the legal and factual questions raised by Faberge and to afford Chesebrough relief from the uncertainty and controversy which Faberge's assertion has caused, Chesebrough is entitled to a declaratory judgment of its rights pursuant to 28 U.S.C. §§ 2201-2202.

36. The use by Chesebrough of its mark "Match" is not in violation of any rights Faberge might have pursuant to 15 U.S.C. § 1114(1).

FOURTH COUNT

37. Plaintiff repeats and realleges Paragraphs 1 through 36 hereof as though fully set forth herein.

38. The use by Chesebrough of its mark "Match" is not in violation of any rights Faberge might have under the federal law of unfair competition as set forth in 15 U.S.C. §§ 1125(a) and 1126.

FIFTH COUNT

39. This count seeks a declaratory judgment of the absence of common law trademark infringement, dilution, and unfair competition pursuant to 28 U.S.C. §§ 2201 and 2202. Further subject matter jurisdiction arises in connection with this count as a substantial and related claim pursuant to 28 U.S.C. § 1338(b).

40. Plaintiff repeats and realleges Paragraphs 1 through 38 hereof as though fully set forth herein.

41. The use by Chesebrough of its mark "Match" is not in violation of any rights Faberge might have pursuant to principles of common law trademark infringement, dilution, and unfair competition.

SIXTH COUNT

42. This count seeks a declaratory judgment of trademark invalidity pursuant to 28 U.S.C. §§ 2201 and 2202. Further subject matter jurisdiction arises in connection with this count as a substantial and related claim pursuant to 28 U.S.C. § 1338(b).

43. Plaintiff repeats and realleges Paragraphs 1 through 41 as though fully set forth herein.

44. The word "Macho" has been abandoned and Registration No. 952,848 is correspondingly invalid and void on the following grounds:

A. That the assignment, on or about June 3, 1975, of the entire right, title, and interest in and to the word "Macho" and United States Trademark Registration No. 952,848 from Faberge's predecessor, Ralph Lacher, d/b/a Jordan K. Rand Limited to Faberge was an "assignment in gross" resulting in abandonment of the word "Macho" and invalidation of Registration No. 952,848.

B. That Faberge used the word "Macho" on goods substantially different from those on which it was used by Faberge's predecessor, Ralph Lacher, d/b/a Jordan K. Rand Limited resulting in abandonment of the word "Macho" and invalidation of Registration No. 952,848.

SEVENTH COUNT

45. This court seeks cancellation of United States Trademark Registration No. 952,848 pursuant to 15 U.S.C. § 1064(c) on the basis that the word "Macho" has been abandoned.

46. Plaintiff repeats and realleges Paragraphs 1 through 44 hereof as though fully set forth herein.

47. The word "Macho" has been abandoned on the grounds set forth in Paragraph 44 of Count Six and Registration No. 952,848 should be cancelled.

WHEREFORE, plaintiff demands Judgment:

1. That Chesebrough receive as damages for the false or fraudulent registration of "Macho" (a) its costs, attorneys' fees, and disbursements (i) for defending the Trademark Office proceeding, and (ii) for prosecuting the present action, and (b) the damages sustained in its business resulting from the Faberge employment of "Macho" Registration No. 952,848 as a basis for objection to Chesebrough's use and registration of the "Match" mark.

2. That the Commissioner of Patents and Trademarks be ordered to cancel Registration No. 952,848.

3. Declaring the use by Chesebrough of its mark "Match" not to be in violation of any rights Faberge might have pursuant to 15 U.S.C. § 1114(1).

4. Declaring the use by Chesebrough of its mark "Match" not to be in violation of any rights Faberge might

have pursuant to the federal law of unfair competition as set forth in 15 U.S.C. §§ 1125(a) and 1126.

5. Declaring the use by Chesebrough of its mark "Match" not to be in violation of any rights Faberge might have pursuant to principles of common law trademark infringement, dilution, and unfair competition.

6. Declaring the word "Macho" to be abandoned.

7. Declaring Registration No. 952,848 to be invalid and void.

8. Declaring that Chesebrough has the right to use, in connection with cosmetics, toiletries, and related products, the trademark "Match" free from interference by Faberge, its officers, agents, servants, employees, attorneys, privies, representatives, successors, and assigns, and any and all persons acting in concert or in participation with them, either separately or jointly, in the United States or in any foreign country where the activities of Faberge or Chesebrough have a substantial effect on interstate or foreign commerce.

9. That Faberge, its officers, agents, servants, attorneys, privies, representatives, successors, and assigns, and any and all persons acting in concert or in participation with them, either separately or jointly, be permanently enjoined from:

A. Interfering with, or threatening to interfere with, the use of the trademark "Match" by Chesebrough, its related companies, successors, or assigns, in connection with its or their business.

B. Instituting or prosecuting any suit or other proceeding placing in issue the right of Chesebrough or said related companies, successors, or assigns, to register or use the mark "Match" in connection with cosmetics, toiletries, and related products.

10. That Faberge pay the costs, attorneys' fees, and disbursements of Chesebrough in this action.

11. That Chesebrough have such other and further relief as the Court may deem just, proper, and equitable.

Dated: October 18, 1978

HARRIS, KERN, WALLEN & TINSLEY

By /s/ Richard A. Wallen

Richard A. Wallen

Attorneys for Plaintiff

Answer.

United States District Court, Central District of California.

Chesebrough-Pond's Inc., a corporation, Plaintiff, v. Faberge, Incorporated, a corporation, Defendant. Civil No. CV 78-3990 WPG.

Filed: May 21, 1979.

Defendant, Faberge, Incorporated, without waiving its right of review of the denial of its motion to dismiss and reserving its right to seek transfer of this action to the United States District Court for the Southern District of New York, hereby answers the correspondingly numbered paragraphs of the Complaint herein as follows:

1. Admitted.

2. Admitted.

3. Admitted.

4. Denied.

5. Admitted.

6. Admitted.

7. Admitted.

8. Admitted, except that defendant is without knowledge or information sufficient to form a belief as to the truth of the allegation that the representations and claims set forth in the application caused the Trademark Office to act as alleged and leaves plaintiff to such proof thereof as it may be advised. Defendant avers that the application was in all respects properly examined and published and Registration No. 952,848 was in all respects properly issued by the Trademark Office.

9. Denied.

10. Construing this paragraph as a statement of allegations made upon information and belief, the allegations are denied.

11. Construing this paragraph as a statement of allegations made upon information and belief, the allegations are denied.

12. Construing this paragraph as a statement of allegations made upon information and belief, the allegations are denied.

13. The allegations of this paragraph are denied as stated. Defendant avers that on or about June 3, 1975, Faberge's predecessor, Ralph Lacher, formerly doing business as Jordan K. Rand Limited, a sole proprietorship, which proprietorship was on or about October 21, 1971, incorporated, assigned the entire right, title and interest in and to the word "Macho" and United States Trademark Registration No. 952,848 to Faberge.

14. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph as stated, and leaves plaintiff to such proof thereof as it may be advised, except that defendant avers that in the August 5, 1975, issue of the *Official Gazette* of the Trademark Office, notice was published of Chesebrough's application Serial No. 43,374 to register the word "Macho" as a trademark for "all purpose toiletry lotion, dusting powder, hair spray and conditioner and scented soaps" in Class 3 and "personal deodorant" in Class 5.

15. Admitted, except that the goods for which Faberge filed the Notice of Opposition were all purpose toiletry lotion, dusting powder, hair spray and conditioner and scented soaps in Class 3 and personal deodorant in Class 5.

16. Admitted.

17. The allegations of this paragraph are denied as stated. Defendant admits that it asserted in its notice of opposition with reference to the mark of the application which matured to United States Trademark Registration No. 952,848 that "Macho" was first used on personal hygiene spray in November 1970, and that Faberge's predecessor, Ralph Lacher, dba Jordan K. Rand Limited had owned the rights to "Macho". Defendant further admits that defendant's position in this regard has not changed throughout the course of the opposition proceeding.

18. Construing this paragraph as a statement of allegations made upon information and belief, the allegations are denied.

19. Construing this paragraph as a statement of allegations made upon information and belief, the allegations are denied.

20. The allegations of this paragraph are denied as stated. Defendant avers that before the institution of the opposition proceedings, Faberge stated in writing its belief that the Chesebrough mark MATCH is confusingly similar to Faberge's mark MACHO. This belief was set forth in a certified letter addressed to the President of Chesebrough.

21. The allegations of paragraph 21 as stated are denied. Defendant avers that in the Trademark Office proceeding subsequently instituted by Faberge, Faberge asserted in its Notice of Opposition initiating the proceeding that the Chesebrough "Match" mark so resembles opposer's mark "Macho" as to be likely when applied to the goods of Chesebrough to cause confusion, mistake and deception.

22. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph and leaves plaintiff to such proof thereof as it may be advised.

23. Denied.

24. Denied.

25. Denied.

26. Defendant repeats and re-avers its answers to paragraphs 1-24 as though fully set forth herein.

27. Denied.

28. Defendant repeats and re-avers its answers to paragraphs 1-26 hereof as though fully set forth herein.

29. Defendant repeats and re-avers its answers to paragraphs 1-26 hereof as though fully set forth herein.

30. Admitted.

31. The allegations of paragraph 31 are denied as stated. Defendant avers that Faberge stated in writing its belief that the Chesebrough mark "Match" is confusingly similar to Faberge's mark "Macho". This position was set forth in a certified letter addressed to the President of Chesebrough.

32. The allegations of paragraph 32 are denied as stated. Defendant avers that in the Trademark Office proceeding Faberge asserted that the Chesebrough "Match" mark so resembled the mark "Macho" as to be likely, when applied to the products set forth in the Chesebrough "Match" trademark application, to cause confusion, mistake and deception; Faberge so alleged in its Notice of Opposition initiating the proceeding.

33. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph and leaves plaintiff to such proof thereof as it may be advised.

34. Defendant avers that Faberge has not charged that Chesebrough has violated its rights in the trademark "Macho". Defendant is without knowledge or information sufficient to form a belief as to Chesebrough's past use or

continued use of its trademark "Match" and leaves plaintiff to such proof thereof as it may be advised.

35. Denied.

36. Defendant is without knowledge or information sufficient to form a belief as to the use by Chesebrough of its mark "Match", and leaves plaintiff to such proof thereof as it may be advised.

37. Defendant repeats and re-avers its answers to paragraphs 1-36 of the Complaint as though fully set forth herein.

38. Defendant is without knowledge or information sufficient to form a belief as to the use by Chesebrough of its mark "Match", and leaves plaintiff to such proof thereof as it may be advised.

39. Denied.

40. Defendant repeats and re-avers its answers to paragraphs 1-38 hereof as though fully set forth herein.

41. Defendant is without knowledge or information sufficient to form a belief as to the use by Chesebrough of its mark "Match", and leaves plaintiff to such proof thereof as it may be advised.

42. Denied.

43. Defendant repeats and re-avers its answers to paragraphs 1-41 as though fully set forth herein.

44. Denied.

45. Denied.

46. Defendant repeats and re-avers its answers to paragraphs 1-44 hereof as though fully set forth in its answer.

47. Denied.

WHEREFORE, defendant prays that the Complaint be dismissed and for its costs and reasonable attorneys' fees.

FIRST COUNTERCLAIM

On information and belief, based upon plaintiff's allegations in its Complaint, and based upon assertions by plaintiff in the opposition proceeding before the Trademark Trial and Appeal Board, plaintiff has engaged in past and continued use of its trademark "Match". Without waiving its right to reassert its denial of the existence of a justiciable controversy between plaintiff and defendant with respect to the trademarks "Match" and "Macho" owned by them, respectively, and without waiving its right of review of the District Court's denial of defendant's motion to dismiss the complaint herein for want of subject matter jurisdiction, and to prevent possible loss of right for failure to assert what may be held to be a compulsory counterclaim, defendant, with no knowledge of plaintiff's use of its trademark other than from plaintiff's assertion thereof, counterclaims against plaintiff as follows:

48. Defendant, Faberge, Incorporated ["Faberge"] is a Minnesota corporation with its principal place of business in New York.

49. Plaintiff, Chesebrough-Pond's Inc. ["Chesebrough"] is a New York corporation with its principal place of business in Connecticut.

50. This is a civil action for trademark infringement and unfair competition. This Court has jurisdiction over the subject matter under the provisions of 15 U.S.C. § 1121, 28 U.S.C. § 1338(a,b). Plaintiff has submitted to the jurisdiction of this Court by filing the Complaint herein.

51. Defendant is, *inter alia*, manufacturer and distributor of cosmetics and toilet preparations in the United States and worldwide.

52. Defendant is the owner of United States Trademark Registration No. 952,848, issued February 6, 1973, and

presently in full force and effect, for the trademark "Macho" for personal hygiene spray. Defendant's rights in this registration have become incontestible pursuant to 15 U.S.C. § 1065.

53. Commencing as early as 1970, the trademark "Macho" has been used continuously — first by defendant's predecessor and then by defendant — in the sale, offering for sale, distribution and advertising in interstate commerce of a broad line of men's cosmetics and toilet preparations, including personal hygiene spray, cologne, non-aerosol spray cologne, spray deodorant, soap, aftershave conditioner, antiperspirant stick deodorant, friction lotion, skin moisturizer and shave cream.

54. Since 1970, the "Macho" cosmetics and toilet preparations have been marketed — first by defendant's predecessor and then by defendant — through various types of retail outlets, including men's stores, specialty stores and men's departments of department stores.

55. "Macho" cosmetics and toilet preparations have been and are advertised and promoted by defendant in media including national television and publications that advertise and promote products including men's dresswear and sportswear.

56. As the result of the expenditure by defendant of very substantial sums in establishing and maintaining its trademark "Macho" as a symbol of defendant, its quality products and its good will, the trade and purchasing public have come to recognize the trademark "Macho" as distinctive of defendant's products, and as indicating the source of those products. Annual sales of "Macho" products are presently in excess of one million dollars ($1,000,000), and annual advertising of "Macho" products is presently in the amount of many hundreds of thousands of dollars.

57. On information and belief plaintiff has infringed defendant's trademark and said trademark registration for "Macho" by adopting and using the confusingly similar trademark "Match", long subsequent to the adoption of "Macho" by defendant's predecessor, in connection with the sale, offering for sale, distribution and advertising of toiletries in interstate commerce. Plaintiff's continued use of its trademark "Match" is likely to cause confusion, to cause mistake and to deceive in relation to the products bearing defendant's said trademark, and plaintiff will continue so to infringe unless enjoined by this Court.

58. On information and belief plaintiff's aforesaid use of the trademark "Match" is for the unlawful purpose of creating confusion, mistake and deception of the public by appropriating the good will and reputation of defendant and by conveying to the public the false impression that plaintiff's products are sold by, sponsored by, or sold under the auspices of defendant. Such use by plaintiff of the trademark "Match" constitutes unfair competition by plaintiff against defendant.

59. Defendant and its predecessor have continuously, since long prior to the acts herein complained of, used a notice conforming to 15 U.S.C. 1111 in association with its trademark.

WHEREFORE, defendant prays that:

1. Plaintiff, its officers, directors, employees, agents, servants, attorneys and all other persons in consort or privity with plaintiff be preliminarily and permanently enjoined from directly or indirectly using the term "Match" or any other term confusingly similar to "Macho" in connection with the sale, offering for sale, distribution or advertising of plaintiff's products.

2. Plaintiff be ordered to account and pay over to defendant the profits of plaintiff from the infringing and unlawful acts complained of; to account and pay over to defendant all damages to defendant from the infringing and unlawful acts complained of; and to pay over to defendant treble the amount of said damages, reasonable attorneys' fees and the costs of this action.

3. Defendant have such other and further relief as the Court may deem just and proper.

SECOND COUNTERCLAIM

Defendant brings this compulsory counterclaim against plaintiff and alleges as follows:

60. This is an action for malicious prosecution in the wrongful use of administrative and civil proceedings.

61. This compulsory counterclaim falls within the ancillary jurisdiction of the Court. This Court also has jurisdiction over the subject matter under the provisions of 28 U.S.C. § 1338(b). Plaintiff has submitted to the jurisdiction of this Court by filing the Complaint herein.

62. Defendant realleges paragraphs 48 and 49 as though fully set forth herein.

63. Defendant is the owner of the trademark "Macho" for a certain toiletry and of trademark Registration No. 952,848 thereon which defendant on or about June 3, 1975, acquired by assignment from its predecessor, Ralph Lacher and Jordan K. Rand Limited.

64. On or about February 4, 1975, plaintiff filed in the United States Patent and Trademark Office ["Trademark Office"] application Serial No. 43,374 to register "Match" as a trademark for certain toiletries.

65. In the *Official Gazette* of August 5, 1975 of the Trademark Office, notice of application Serial No. 43,374 filed by plaintiff as aforesaid was published for opposition.

66. On or about October 6, 1975, defendant, pursuant to the provisions of 15 U.S.C. §§ 1063, 1067-1069, believing it would be damaged by the registration sought by plaintiff's said application Serial No. 43,374, duly filed a Notice of Opposition praying that the registration sought be not allowed. Opposition No. 57,551 was thereupon duly declared between defendant and plaintiff.

67. On or about January 16, 1976, plaintiff filed its answer to the said Notice of Opposition, petitioning as a counterclaim that defendant's Registration No. 952,848 be canceled on grounds stated therein, of which there were four.

68. The first said ground was that the mark shown in Registration No. 952,848 was allegedly not used prior to the date of first use claim therein. That allegation was made by plaintiff without probable cause to believe that it was true, or, that, if true, it constituted a ground for cancellation of the said registration.

69. The second said ground was that the trademark shown in Registration No. 952,848 was allegedly not used by opposer and/or its predecessor upon the goods described in that registration for a period of at least two consecutive years subsequent to the date of first use claimed in the registration. That allegation was made by plaintiff without probable cause to believe that it was true, or that, if true, it constituted a ground for cancellation of the said registration.

70. The third said ground was that the trademark shown in Registration No. 952,848 allegedly was not used by opposer and/or its predecessor upon the goods described in the registration for a period of at least two consecutive years immediately prior to the filing of plaintiff's petition for cancellation. That allegation was made by plaintiff without

probable cause to believe that it was true or that, if true, it constituted a ground for cancellation of the said registration.

71. By answer to defendant's interrogatories, on September 23, 1976, plaintiff admitted that it had no specific knowledge of any person or other entity, document, etc., relating to or having knowledge of any evidence which had any bearing on the truth or lack of truth of the allegations contained in the second and third of said grounds, the first of said grounds having not been inquired into by defendant because of its obvious immateriality.

72. On October 13, 1977, defendant served, and thereafter filed, a motion for summary judgment on plaintiff's said petition to cancel accompanied by affidavits by one of defendant's officers and by its predecessor offering many dozens of invoices attesting continuous use of the trademark shown in Registration No. 952,848 upon the goods described in that registration throughout the periods of nonuse that had been alleged by plaintiff in the first, second and third grounds as aforesaid.

73. Over the period October 13, 1977 to June 20, 1978, plaintiff, acting in a totally predatory manner with the evident purpose of harrassing defendant with costly and needless discovery, including the filing of burdensome interrogatories, the taking of depositions and the requirement of production of documents, continued in the pursuit of its purported defenses on the said three grounds, well knowing that there was no possible cause to believe they could be established.

74. On June 20, 1978 plaintiff brought a motion in the Opposition for leave to amend its answer by deleting grounds 2 and 3 in their entirety, continuing with its allegations as to ground 1.

75. On November 30, 1978, the Trademark Trial and Appeal Board granted defendant's said motion for summary judgment on plaintiff's counterclaim petition to cancel the said Registration No. 952,848 on the three grounds of non-use as aforesaid.

76. On October 18, 1978 plaintiff filed in the United States District Court for the Central District of California the Complaint in this action against defendant, seeking cancellation of said trademark registration. None of the three grounds of non-use aforesaid is alleged in this action as a basis for seeking cancellation.

WHEREFORE, defendant prays that:

1. Plaintiff be enjoined from continuing to use the judicial system in such a way as to harass defendant and to cause needless hardship and expense to defendant, all without probable cause.

2. Plaintiff be ordered to account and pay over to defendant all damages to defendant from the acts complained of, and to pay over to defendant reasonable attorneys' fees and the costs of this action.

3. Defendant have such other and further relief as the Court may deem just and proper.

Dated: May 18, 1979

Faberge, Incorporated,
Defendant

By /s/ Richard Whiting
Richard Whiting
Its Attorney
Davis Hoxie Faithfull & Hapgood
45 Rockefeller Plaza
New York, New York 10020

Of Counsel:
Wyman, Bautzer, Rothman & Kuchel
2 Century Plaza, 14th Floor
2049 Century Park East
Los Angeles, California 90067
Tel.: (213) 556-8000

Notice of Appeal to the United States Court of Customs and Patent Appeals.

In the United States Patent and Trademark Office.

In the matter of Opposition Faberge, Incorporated, Opposer, v. Chesebrough-Pond's Inc., Applicant, No. 57,551.

Filed: January 26, 1979.

To the Commissioner of Patents and Trademarks:

You are hereby notified that applicant Chesebrough-Pond's Inc. is appealing to the United States Court of Customs and Patent Appeals from the decision of the Trademark Trial and Appeal Board rendered on November 30, 1978 (a) denying applicant's motion for an extension of time for the filing of a response to opposer's renewed motion for summary judgment, (b) granting opposer's renewed motion for summary judgment on applicant's counterclaim for cancellation of Trademark Registration No. 952,848, and (c) dismissing applicant's counterclaim for cancellation of Trademark Registration No. 952,848.

Dated: January 25, 1979

Respectfully submitted,

/s/ John M. Scagnelli

John M. Scagnelli
Attorney for Applicant
Chesebrough-Pond's Inc.
33 Benedict Place
Greenwich, Connecticut 06830
(203) 661-2000

August 25, 1975

Mr. Ralph E. Ward
President
Chesebrough-Pond's
33 Benedict Place
Greenwich, Connecticut 06830

Dear Mr. Ward:

In the August 5, 1975 edition of the U.S. Patent and Trademark Official Gazette, your company's application #43374 for the trademark MATCH was published for opposition purposes.

Faberge, Incorporated is the owner of United States trademark registration #952848 on the trademark MACHO in International Class 3.

It is our belief that your trademark MATCH is confusingly similar with our trademark MACHO. If your application to register the trademark MATCH is not voluntarily withdrawn from the United States Patent and Trademark Office, Faberge, Incorporated will file opposition thereto.

I look forward to hearing from you at your earliest convenience as to what action you intended to take.

Very truly yours,

FABERGE, INCORPORATED

Arlene B. Savitsky
Trademark Counsel

ABS:jp

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Table 8. — Summary of Contested Trademark Cases. (Within The Patent And Trademark Office.)

Annual Report of the Commissioner of Patent and Trademarks. Fiscal Year 1980.

Trademark Trial And Appeal Board	Ex parte	Cancel	Conc. Use	Inter	Oppos.	Total
Receipts						
Cases Pending as of 9/30/79	229	563	32	0	1,798	2,622
Cases Filed During FY 1979	190	293	12	0	941	1,436
Total Receipts	419	856	44	0	2,739	4,058
Disposals	226	340	20	0	1,174	1,760
Total Cases Pending as of 9/30/79	193	516	24	0	1,565	2,298

Table 20. — Summary of Contested Trademark Cases. (Within the Patent and Trademark Office.)

Annual Report of the Commissioner of Patent and Trademarks.

Fiscal Year 1981.

Trademark Trial and Appeal Board	Ex Parte	Cancel	Conc. Use	Inter	Oppos.	Total
Receipts						
Cases Pending as of 9/30/80	193	516	24	0	1,565	2,298
Cases Filed During FY 1981	240	329	26	1	1,644	2,240
Total Receipts	433	845	50	1	3,209	4,538
Disposals	177	309	20	0	1,088	1,594
Total Cases Pending as of 9/30/81	256	536	30	1	2,121	[1]2,944

[1]Does not include those cases which have been finally decided but which are awaiting the expiration of the appeal period.

Office - Supreme
FILED
AUG 19 1982
ALEXANDER L. STEVAS,
CLERK

No. 81-2303

IN THE

Supreme Court of the United States

October Term, 1981

FABERGE, INCORPORATED, a Delaware corporation,
Petitioner,

vs.

CHESEBROUGH-POND'S, INC., a New York corporation,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI.

HARRIS, KERN, WALLEN & TINSLEY,
By WALTON EUGENE TINSLEY,
650 South Grand Avenue,
Fourteenth Floor,
Los Angeles, Calif. 90017,
(213) 626-5251,
Attorneys for Respondent,
Chesebrough-Pond's, Inc.

Parker & Son, Inc., Law Printers, Los Angeles. Phone 724-6622

Questions Presented.

The questions presented by petitioner Faberge, Incorporated ("Faberge") are based upon serious misstatements of the record. Set forth below is a restatement by respondent, Chesebrough-Pond's, Inc. ("Chesebrough") of the Questions Presented. Chesebrough's criticisms of Faberge's Questions are incorporated in the argument.

1. Did an actual controversy exist between the parties?

2. Did the Court have subject matter jurisdiction over this action?

3. Did the Court properly grant summary judgment on Chesebrough's claims?

4. Did an actual controversy exist at the time of the Court's summary judgment decision?

Parties to the Proceedings Below.

The captions of the cases contain the names of all parties. Chesebrough has no parent corporation or affiliates and the following are Chesebrough's subsidiaries which are not wholly-owned: International Laboratories, Ltd. and Pond's (India) Limited. In its Petition, Faberge identified the status of the parties in a related Patent and Trademark Office proceeding, but Faberge is not seeking review of any judgment by tribunals of that office.

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No. 81-2303

IN THE

Supreme Court of the United States

October Term, 1981

FABERGE, INCORPORATED, a Delaware corporation,
Petitioner,

vs.

CHESEBROUGH-POND'S, INC., a New York corporation,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI.

Chesebrough-Pond's, Inc. (hereinafter "Chesebrough") hereby opposes the petition by Faberge, Incorporated (hereinafter "Faberge") that a Writ of Certiorari be issued to review the judgment and opinion of the United States Court of Appeals for the Ninth Circuit entered January 22, 1982.

OPINIONS BELOW.

In its statement of the opinions below, Faberge omitted two unreported, related opinions of the Trademark Trial and Appeal Board dated February 8, 1979 and March 5, 1981. These opinions are reproduced in the Appendix at pages 1 and 11. In its Appendix, Chesebrough has also reproduced two orders of the District Court, the Order Denying Defendant Faberge's Motion to Dismiss for Lack of Jurisdiction and the Order Suspending Injunction Pending Appeal.

JURISDICTION.

Chesebrough accepts Faberge's statement of the Court's jurisdiction.

CONSTITUTIONAL PROVISIONS, STATUTES AND REGULATIONS INVOLVED.

Faberge omitted the following pertinent statutes and regulations:

United States Code, Title 28,
Chapter 85 — District Court; Jurisdiction

"Section 1338. Patents, Plant Variety Protection, Copyrights, Trademarks and Unfair Competition

(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks. Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases.

(b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent, plant variety protection or trademark laws.

United States Code, Title 15,
Chapter 22 — Trademarks
Subchapter III — General Provisions

"Section 1114(1). Remedies; Infringement

(1) Any person who shall, without the consent of the registrant —

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive;

or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) of this section, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

"Section 1119. Power of Court Over Registration

In any action involving a registered mark the Court may determine the right to registration, order the cancelation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action. Decrees and orders shall be certified by the Court to the Commissioner, who shall make appropriate entry upon the records of the Patent and Trademark Office, and shall be controlled thereby.

"Section 1120. Civil Liability for False or Fraudulent Registration

Any person who shall procure registration in the Patent and Trademark Office of a mark by a false or fraudulent declaration or representation, oral or in writing, or by any false means, shall be liable in a civil

action by any person injured thereby for any damages sustained in consequence thereof.

Code of Federal Regulations, Title 37

"Section 2.117. Suspension of Proceedings

Whenever it shall come to the attention of the Trademark Trial and Appeal Board that parties to a pending case are engaged in a civil action which may be dispositive of the case, proceedings before the Board may be suspended until termination of the civil action.

COUNTERSTATEMENT OF THE CASE.

This case involves ordinary commercial litigation, namely a trademark dispute between Chesebrough and Faberge, who are intense competitors in the field of cosmetics and toiletries. In 1974, Chesebrough decided to enter the new and rapidly expanding market of men's cosmetics, commenced development of the products and selected the trademark MATCH for the line. In January, 1975, Chesebrough made its first limited sales of MATCH cosmetics and filed an application for registration in the United States Patent and Trademark Office ("PTO"). Shortly thereafter and independently, Faberge acquired the trademark MACHO from a small Los Angeles company for its own line of men's cosmetics. Faberge introduced its MACHO line on a national level before Chesebrough was able to launch the national marketing of the MATCH line.

Registration of MATCH was approved by the PTO over MACHO, but Faberge sent a letter to Chesebrough stating that the marks were confusingly similar and threatening to file opposition if Chesebrough did not withdraw its mark. Chesebrough refused to do so and Faberge proceeded to file an Opposition in the PTO which was still pending in only the discovery stage over two years later. Chesebrough had initially hoped that Faberge would either drop its Opposition or that the Opposition would be decided promptly in Chese-

brough's favor. In 1978, Chesebrough decided that it could not hold up its national marketing of the MATCH line any longer and filed a declaratory judgment action in the United States District Court in order to obtain a prompt and final determination of its rights to use MATCH.

In the Petition [pp. 5-7] an attempt is made to provide this Court with a history of the proceedings below. However, the statement in the Petition is so replete with omissions and misstatements of salient facts that further preliminary comment by Chesebrough is necessary. In brief summary, Faberge's Statement of the Case:

1. Fails to to correctly disclose the District Court's disposition of Faberge's initial and only Motion to Dismiss;

2. Erroneously states that it responded to Chesebrough's Motion for Summary Judgment by raising an objection to jurisdiction;

3. Erroneously suggests that it filed a new Motion to Dismiss at the time of Summary Judgment and that such Motion was bypassed;

4. Fails to disclose that its alleged second Motion to Dismiss was only a Motion to Transfer and that the District Court properly denied and did not "bypass" same; and

5. Erroneously suggests that the District Court enjoined it from proceeding with the opposition in the PTO, when, in fact, the District Court suspended that injunctior pending appeal (App. p. 9).

In responding to the Complaint, Faberge moved to dismiss for lack of an actual controversy. The Motion was denied with the Court finding that an actual controversy did exist; however, the Court stayed the action pending the outcome of the PTO Opposition proceeding. Chesebrough moved for reconsideration, pointing out that the PTO had already stayed the Opposition in deference to the Court

action and that the weight of authority was that the Court action should proceed since its decision would be binding on the PTO. The Court granted Chesebrough's motion and lifted the stay (App. p. 6). Faberge answered and counterclaimed, explicitly charging Chesebrough with trademark infringement and unfair competition. Chesebrough then moved for summary judgment, which the District Court granted in all respects, finding MATCH and MACHO not to be confusingly similar. Faberge *did not oppose* summary judgment on the basis of any objection to jurisdiction; nor did Faberge renew its Motion to Dismiss which had long since been denied. Instead, Faberge filed a Motion to Transfer Venue which was denied by the District Court (Pet. App. p. 21). Next, Faberge appealed, and while its appeal was pending, moved for a stay of the injunction portion of the judgment. The Court granted the stay (App. p. 9) and Faberge moved the PTO to reopen the Opposition proceeding. The Board again declined to do so (App. p. 13). On appeal, the Ninth Circuit affirmed the summary judgment on the merits and found that an actual controversy did exist between Faberge and Chesebrough. Faberge has now petitioned this Court for a review of the Ninth Circuit's decision.

Chesebrough's appeal to the Court of Customs and Patent Appeals ("CCPA") and the CCPA's decision cited by Faberge are totally irrelevant to this Petition, which relates only to Chesebrough's declaratory judgment claims regarding the likelihood of confusion between MATCH and MACHO. The CCPA decision concerned only Chesebrough's Opposition counterclaim to cancel the MACHO registration on various grounds of invalidity. Chesebrough itself voluntarily dismissed the corresponding cancellation claims in this action when the Court granted its summary judgment motion (Pet. App. p. 21). The CCPA's decision

has no bearing on the questions of actual controversy and the likelihood of confusion between MATCH and MACHO.

This case raises no unsettled questions of federal law. It simply involves traditional trademark law applied to an ordinary trademark dispute between commercial competitors.

REASONS RELIED ON FOR DENIAL OF THE WRIT.

The judgment affirmed by the Ninth Circuit Court of Appeals is not in conflict with the decisions of any other federal court of appeals. The Court reached a well-reasoned result by applying traditional trademark law and did not depart from the accepted and usual course of judicial proceedings. There is no need for this Court to review the decision.

I.

There Is No Conflict Between the Circuits on the Actual Controversy Issue.

The only real basis for this Petition is an alleged conflict between the Circuits respecting the determination of when an actual controversy exists. A close examination of the decision below, prior Ninth Circuit decisions and the purportedly conflicting decisions in other circuits will show that there is no conflict.

Before discussing this issue, it is necessary to briefly comment on Faberge's version of the question which is set forth below:

> "Does a threat by a trademark owner to file a statutory Opposition in the Patent and Trademark Office opposing registration of a trademark, which Opposition is based upon alleged confusing similarity of the parties' (applicant and opposer) respective marks, in the absence of any other facts, create an actual controversy between the parties (applicant and opposer) justiciable by a Federal Court under the Declaratory Judgment Act?"

Faberge's statement of question no. 1 is highly misleading because there definitely were "other facts" and the controversy did not arise merely from Faberge's threat to file an

Opposition proceeding. The Court of Appeals found that an actual controversy existed between the parties where (1) Faberge had written a letter to Chesebrough asserting that *MATCH was confusingly similar to MACHO* (the statutory test for trademark infringement, 15 U.S.C. Section 1114(a)) and threatened to file an Opposition proceeding against the MATCH trademark, (2) Faberge proceeded to file an Opposition and to pursue it with unusual vigor, (3) Faberge filed a counterclaim for infringement in this action and (4) the parties were engaged in intense competition in the expanding market for men's toiletries and Chesebrough was in the untenable position of having to either drop the marketing of its MATCH men's cosmetic line or proceed with the national marketing, invest millions of dollars and thereby risk an infringement action by Faberge seeking an injunction and substantial damages. *Chesebrough-Pond's, Inc. v. Faberge, Incorporated*, 666 F.2d 393, 396-97 (9th Cir. 1982).

The Court concluded that an actual controversy existed since Chesebrough had a *reasonable apprehension* of an infringement suit by Faberge. The "reasonable apprehension" standard is the same test used by the Ninth Circuit in its prior decision in *Societe de Conditionnement v. Hunter Engineering Co.*, 655 F.2d 938 (9th Cir. 1981), a patent declaratory judgment action.

Faberge contends there is a conflict between the Ninth Circuit and the Seventh Circuit because the latter held in 1951 in *Merrick v. Sharp & Dohme*, 185 F.2d 713, 716-17 (7th Cir. 1951) that the mere filing of a Notice of Opposition did not create an actual controversy respecting infringement. However, in this case, the Court did not find an actual controversy based upon the mere filing of a Notice of Opposition. The Court found that the actual controversy arose from the four factors noted, which represent considerably

more than the mere filing of a Notice of Opposition. Although the District Court primarily relied upon Faberge's letter, the Court of Appeals relied upon all four facts which are in the record. Thus, the Court's decision here is readily distinguishable on its facts and is not in conflict with *Merrick* or any of the cases in other Circuits which have followed *Merrick*. Moreover, in its opinion, the Ninth Circuit stated, in dictum, that even under the "reasonable apprehension" test for an actual controversy, "a simple opposition proceeding in the Patent and Trademark Office generally will not raise a real and reasonable apprehension of suit." 666 F.2d at 396.

The conclusion that there is no conflict with the Seventh Circuit in particular is further supported by the recent decision in *Super Products Corp. v. D P Way Corp.*, 546 F.2d 748, 753 (7th Cir. 1976), a patent declaratory judgment action, where the Court used the "reasonable apprehension" standard to determine whether an actual controversy existed. Thus, both the Ninth Circuit and the Seventh Circuit have used this legal standard to determine whether an actual controversy exists in actions relating to patent and trademark infringement.

The "reasonable apprehension" standard is also used in such actions by the Eighth and First Circuits and by District Courts in the Third Circuit. *See Sherwood Medical Industries, Inc. v. Deknatel, Inc.*, 512 F.2d 724, 727 (8th Cir. 1975); *Sweetheart Plastics, Inc. v. Illinois Tool Works, Inc.*, 439 F.2d 871, 874 (1st Cir. 1971); *Japan Gas Lighter Association v. Ronson Corp.*, 257 F.Supp. 219, 237 (D.N.J. 1966); *Ethicon, Inc. v. American Cyanamid Company*, 369 F.Supp. 934, 937 (D.N.J. 1973); and *Enka B. V. of Arnhem, Holland v. E. I. DuPont, etc.*, 519 F.Supp. 356, 361 (D. Del. 1981).

This standard has also been recently used in District Court decisions in the Second Circuit, thus casting substantial doubt on the viability of the *Merrick* rule in that Circuit. *Tubeco, Inc. v. Crippen Pipe Fabrication Corporation*, 402 F.Supp. 838, 844 (E.D.N.Y. 1975), *aff'd mem.* 538 F.2d 314 (2nd Cir. 1976); *Nippon Electric Glass Co., Ltd. v. Sheldon*, 489 F.Supp. 119, 122 (S.D.N.Y. 1980); *Superior Steel Door & Trim Co., Inc. v. Banner Metals*, 479 F.Supp. 704, 709 (E.D.N.Y. 1979); and *American Cyanamid Co. v. Ethicon, Inc.*, 443 F.Supp. 46, 48 (S.D.N.Y. 1977).

A conflict could only exist if the Ninth Circuit squarely held that the mere filing of a Notice of Opposition created an actual controversy respecting infringement. This the Court did not do and the Court's dictum suggests it would not. Even if it did, it is doubtful that a conflict would exist since it is questionable whether the other Circuits would now follow the *Merrick* analysis in view of the recent application of the "reasonable apprehension" test by various Courts in those Circuits and by the Seventh Circuit in *Super Products Corp., supra*. It is pure speculation whether these Circuits, in applying the test, would still find that a Notice of Opposition did not cause a declaratory plaintiff to reasonably apprehend a trademark infringement suit.

The Court in this case reached a well-reasoned result on the actual controversy issue and since there is no actual conflict between the Circuits, there is no need for the Court to exercise its discretion by granting Faberge's petition. The actual controversy issue also is not of great moment to society or to the Courts. The most that Faberge can say as to its importance is to speculate that the result here may cause the Courts to be burdened with numerous trademark declaratory judgment actions. This is a policy issue for the Congress, not this Court, to decide. The Court cannot alter

the constitutional and statutory "actual controversy" requirement as an expedient to reduce the case load in the federal courts, as Faberge suggests. Moreover, as the Court of Appeals noted in its opinion, it has discretion to entertain declaratory judgment cases, and can exercise such discretion to avoid being overwhelmed by such actions. *Chesebrough-Pond's, Inc. v. Faberge, Incorporated*, 666 F.2d 393, 396 (9th Cir. 1982).

II.

There Is No Question as to the Court's Jurisdiction and There Was No Preemption of the Trademark Trial and Appeal Board.

Faberge alleges in its Petition that Chesebrough's declaratory judgment action merely transplanted the Trademark Office Opposition Proceeding to the District Court, thereby preempting the Trademark Office's jurisdiction. This is not the case and Faberge's statement of this question set forth below is highly misleading because the Court's jurisdiction was not based on "the pendency of an Opposition proceeding" in the Patent and Trademark Office:

"May a United States District Court premise its subject matter jurisdiction solely on the pendency of an Opposition proceeding in the Patent and Trademark Office between a trademark owner and an applicant to register a mark, and thereafter grant Summary Judgment which, inter alia, enjoins such trademark owner from pursuing that Opposition proceeding or appealing a decision therein to the Court of Customs and Patent Appeals?"

Chesebrough's action sought a judicial determination that its use of the trademark MATCH did not constitute infringement, unfair competition, a false designation of origin or trademark dilution. Chesebrough also asserted a claim for fraudulent registration of MACHO. The Court clearly

had jurisdiction over these claims pursuant to 28 U.S.C. Sections 1338 and 2201. Even before the Court had denied Faberge's Motion to Dismiss for lack of jurisdiction, the Trademark Trial and Appeal Board suspended the Opposition in deference to this action (App. p. 1). In so doing, the Board recognized that there had been no preemption of its jurisdiction:

> "The instant case, however, is not one where a party is seeking a declaratory judgment with respect to an application for trademark registration. Rather, the applicant is seeking damages for fraudulent registration of opposer's trademark, for cancellation of that mark and for a declaratory judgment that there is no trademark infringement, unfair competition and dilution under both federal and state law.
>
> * * * *
>
> "While we have no dispute with the proposition of law recited by opposer, we believe that this and other cases are simply not apposite. That is, this is not a case where there is primary jurisdiction in the Office or where administrative remedies must be exhausted before review. Rather, a party is free to pursue any action in Federal Court under the Lanham Act while at the same time seeking to register or to block registration in the Office. To the extent that the proceedings are overlapping or to the extent that the civil case may finally resolve the matters before the Board, the Board exercises its discretion under Rule 2.117."

(App. pp. 2-3).

This is not a case where Chesebrough sought a determination of its right to *register* a mark, which is the issue in an opposition proceeding. Chesebrough's claims relative to trademark infringement, unfair competition, etc., are totally beyond the province of the Trademark Trial and Appeal

Board. *Mister Donut of America, Inc. v. Mister Steak, Inc.*, 150 USPQ 714, 714-715 (TTAB 1966).

That there was no preemption is also indicated by the Board's practice of regularly suspending opposition proceedings when there is pending a related civil action involving common issues. 37 C.F.R. Section 2.117. *Tokaido v. Honda Associates, Inc.*, 179 USPQ 861 (TTAB 1963). This Rule is grounded on the fact that a court decision on common issues is binding on Trademark Office tribunals. *Tuvache, Inc. v. Emilio Pucci Perfumes International*, 263 F.Supp. 104 (S.D.N.Y. 1967).

As previously mentioned, in this case the Trademark Board did suspend the Opposition proceedings in deference to this action. The Trademark Board hardly took the position that the Court had preempted its jurisdiction. Thus, when the Court subsequently rendered summary judgment, it properly enjoined Faberge from further pursuing the Opposition proceeding, as its decision was binding on the common and basic issue of likelihood of confusion involved in the Opposition. The Court had decided there was no likelihood of confusion between MATCH and MACHO and the Trademark Board was obliged to follow the Court's determination of that issue. There was no reason whatsoever to permit Faberge to pursue the Opposition.

Faberge has conveniently neglected to advise the Court that even after the District Court had granted a summary judgment in favor of Chesebrough, the Court, on motion by Faberge, stayed execution of the judgment to allow Faberge to try once more to convince the Board to proceed with the Opposition. A copy of the Court's order is annexed in the Appendix, page 9. Faberge promptly moved the Board to reopen the Opposition, but the Board again properly refused to do so because this action was still under appeal and was not finally disposed of. A copy of the Board's

second decision dated March 5, 1981, is also annexed in the Appendix, page 11. Faberge is in no position to assert that there was a preemption of the Board's jurisdiction which requires intervention by this Court. There is no need for this Court to restore jurisdiction to the Trademark Board as there never was a preemption, except in Faberge's distorted view of the case.

III.

The Court's Summary Judgment Decision Was Entirely Proper and There Is No Conflict With Any Other Circuit.

Faberge argues that in granting summary judgment, the District Court failed to consider the various material facts that Courts generally consider in trademark infringement cases. This argument, which is totally false, is implicit in Faberge's statement of this question set forth below:

"May a District Court, (assuming arguendo it has jurisdiction of the subject matter and parties) without consideration of any evidence or stipulation of facts, grant summary judgment on non-infringement as a matter of law in a trademark matter premised solely on the Court's inferences drawn from comparison of the printed marks of the respective parties?"

It is difficult to conceive how Faberge can argue that the District Court and the Court of Appeals did not consider the facts material to the action when they are explicitly set forth in both the District Court's findings (Pet. App. pp. 15-19) and in the opinion of the Court of Appeals. *Chesebrough-Pond's, Inc. v. Faberge, Incorporated*, 666 F.2d 393, 397-399 (9th Cir. 1982). Both Courts clearly considered all of the material facts, but found no genuine issue as to any of them.

These facts are commonly referred to as the "Restatement test" for trademark infringement as they are set forth in the Second Restatement of Torts, Section 731 (1938). Courts almost universally apply the Restatement test, or slight modifications thereof, in determining the question of likelihood of confusion and, thus, trademark infringement and unfair competition. The Restatement test, which enumerates the various material facts to be considered in infringement cases, is followed by the Ninth Circuit. *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-349 (9th Cir. 1979). This test was dutifully followed by both the District Court and the Court of Appeals. Both Courts considered the various material facts, namely, the similarity of the goods, the marketing channels, Chesebrough's intent in adopting the MATCH trademark, the degree of care of purchasers, the absence of actual confusion, etc. Both Courts specifically considered all of these factors, in addition to the most important factor, the substantial dissimilarity of the marks in sound, sight and appearance. Both Courts correctly determined that there was no genuine issue of material fact and concluded that there was no likelihood of confusion between MATCH and MACHO and, thus, no infringement. The summary judgment was entirely proper and there is no reason why this Court should review the decision.

Faberge erroneously urges that there is somehow a conflict between the decision in this case and a decision by the Second Circuit, namely, *American International Group, Inc. v. London American International Corporation, Ltd.*, 664 F.2d 348 (2nd Cir. 1982). In *American International*, the Second Circuit, also applying the Restatement test, found that there were genuine issues of material fact and reversed a summary judgment that had been granted in favor of the defendant. The Court found that the District Court had effectively decided genuine issues of fact based upon

the parties' affidavits, rather than deny the motion for summary judgment, as it should have. Here there were no genuine issues of fact and summary judgment was proper. We see no legal or factual conflict of any kind between this decision and *American International* and Faberge's claim that a conflict exists is totally spurious. Faberge is, in effect, arguing that a conflict exists because the Second Circuit happened to reverse a summary judgment in a trademark case whereas the Ninth Circuit affirmed the summary judgment here. If that is Faberge's argument, we direct its attention to *B & L Sales Associates v. H. Daroff & Sons, Inc.*, 421 F.2d 352 (2nd Cir. 1970), where the Second Circuit affirmed summary judgment in a case where the dissimilarity of the marks themselves was also the predominant factor.

Faberge also belatedly contends that the Court should have denied summary judgment because of a genuine issue of fact as to the existence of an actual controversy. As we have noted, the Court of Appeals properly found that an actual controversy did exist in view of all of the facts of record, and Faberge did not urge this as a defense to summary judgment either before the District Court or before the Court of Appeals.

IV.

There Was an Actual Controversy at the Time of the Court's Decision.

Faberge argues that at the time of the District Court decision in January, 1980, Chesebrough had abandoned its rights to the MATCH trademark. Therefore, Faberge concludes, there was no actual controversy and no jurisdiction. Chesebrough's response to this fallacious argument is twofold. First, the alleged abandonment of MATCH is irrele-

vant to the existence of an actual controversy. Second, the record clearly shows that there was no abandonment.

Chesebrough's declaratory judgment claims were not predicated upon ownership of the MATCH trademark. The claims were merely a defensive action and intended to establish that MATCH was not an infringement of MACHO and Chesebrough was free to use the mark without interference from Faberge. Chesebrough did not request a determination of its ownership of MATCH as against the world. Chesebrough did not institute an infringement action against Faberge claiming ownership of MATCH. The action resulted from Chesebrough's reasonable apprehension that it would be sued for infringement by Faberge for its continued use of MATCH.

The test for existence of an actual controversy at the time of the District Court's decision is whether Chesebrough then had a reasonable apprehension of suit by Faberge. The record shows that between the time of filing of Chesebrough's declaratory judgment action and the time of the Court's decision Faberge did nothing to alleviate Chesebrough's reasonable apprehension of suit. In fact, during that period, Faberge proceeded to do just what Chesebrough had expected, namely, sue Chesebrough by filing counterclaims for trademark infringement and unfair competition. Faberge also did not withdraw its Opposition in the Trademark Office. Faberge's counterclaims surely preclude it from asserting that there was no controversy at the time of the hearing. Even if Chesebrough had abandoned MATCH in view of the controversy with Faberge, there was still an actual controversy as to whether (1) Chesebrough's past use of MATCH was an infringement and (2) Chesebrough should be enjoined against future use of MATCH.

Secondly, the record shows that there was no abandonment by Chesebrough of its MATCH trademark. Even after

Faberge first expressed its objection to MATCH, Chesebrough continued to make substantial investments in the mark in terms of packaging and advertising development. Over $650,000 was expended for such development work and in conducting in-house product reaction tests in over eighteen cities. This is hardly consistent with abandonment of a trademark. Abandonment requires nonuse of a mark coupled with an intent to abandon. McCarthy, TRADEMARKS AND UNFAIR COMPETITION, Volume 1, Section 17:2; *Tillamook County Creamery Association v. Tillamook Cheese & Dairy Association*, 345 F.2d 158 (9th Cir. 1965). Chesebrough would not have continued spending thousands of dollars in connection with the mark if it intended to abandon it. More importantly, it has repeatedly been held that suspension of use of a trademark, pending a determination of legal rights, does not constitute abandonment. *Izod, Ltd. v. Liberty Hosiery Mills, Inc.*, 147 USPQ 332 (TTAB 1965); *Mendex v. New England Duplicating Co.*, 94 F.Supp. 558, 561 (D. Mass. 1950), *aff'd.* 190 F.2d 415 (1st Cir. 1951); *Penthouse International, Inc. v. Dyn Electronics, Inc.*, 196 USPQ 251, 257 (TTAB 1977).

CONCLUSION.

In its Questions Presented and in the Statement of the Case, Faberge has grossly misstated the record and the history of these proceedings. Chesebrough has attempted to remedy this in its response. Chesebrough has shown that the primary basis of this Petition, the purported conflict between the Ninth Circuit's decision here and the Seventh Circuit's *Merrick* decision, is illusory, as the cases are readily distinguishable on their facts. It also appears that the Seventh Circuit is now using the same "reasonable apprehension" test for an actual controversy as is used by the Ninth Circuit and several other Circuits in cases of this type.

The Court's Summary Judgment decision was entirely proper as the Court correctly considered the Restatement test factors concerning infringement and found no genuine issues of material fact. The Court did not preempt the jurisdiction of the Trademark Trial and Appeal Board. The latter tribunal itself twice rejected Faberge's attempts to lift the suspension of the Opposition proceeding in view of the pendency of this action. There is no need for this Court to assume jurisdiction to remedy a usurpation of Trademark Office jurisdiction by the Courts below.

Finally, the Court of Appeals correctly found no merit whatsoever in Faberge's belated contention that an actual controversy did not exist at the time of the Court's decision. We see no reason for this Court to review what is a well-reasoned, proper result in an ordinary trademark action which involves no issues of special importance to the Courts or to society in general.

Respectfully submitted,

HARRIS, KERN, WALLEN & TINSLEY,
By WALTON EUGENE TINSLEY,
Attorneys for Respondent,
Chesebrough-Pond's, Inc.

APPENDIX.

Decision of the Trademark Trial and Appeal Board Dated February 8, 1979.

[Letterhead]

Opposition No. 57,551. Faberge, Incorporated v. Chesebrough-Pond's Inc.

Mailed: February 8, 1979.

On November 30, 1978, the Board granted opposer's motion for summary judgment and dismissed applicant's counterclaim to cancel opposer's pleaded registration.[1] The Board allowed opposer until December 20, 1978 in which to file objections to applicant's motion for suspension under Rule 2.117. Opposer has now filed a brief in opposition to that motion.

In applicant's motion for suspension, applicant requests that the Board suspend this opposition proceeding pending the outcome of a civil action in the United States District Court for the Central District of California filed October 18, 1978. Applicant argues that the outcome of the civil suit may be dispositive of the issues involved in this opposition proceeding. Applicant has furnished a copy of the complaint, in counts three, four and five of which applicant, as plaintiff, seeks a declaratory judgment that there is no trademark infringement, unfair competition or dilution as a result of use by applicant of the mark "MATCH" vis-a-vis any rights which opposer may have in the term "MACHO". Other counts of the complaint raise issues which were presented in applicant's counterclaim that was dismissed by the Board on November 30, 1978. The complaint seeks cancellation of the registration pleaded by opposer in this

---

[1]It is noted that on January 26, 1978, applicant filed a notice of appeal from this decision to the U.S. Court of Customs and Patent Appeals.

opposition proceeding on various grounds, including that the registration was obtained fraudulently.

In opposition to the motion, opposer maintains that this proceeding should not be suspended because, among other things, "the courts of the United States have no jurisdiction of an opposition proceeding". In addition, opposer's view of the California action is that subject matter jurisdiction is lacking, venue is wrong and the allegations are groundless. Opposer has indicated that it has filed a motion to dismiss on the ground of lack of subject matter jurisdiction.

Opposer has cited Merrick et al v. Sharp & Dohme, Inc, 185 F.2d 713 (7th cir. 1950), in support of its position that federal courts have no jurisdiction of an opposition proceeding.

That case involved plaintiffs' action for declaratory judgment with respect to their application for registration of a trademark which had been opposed in the Office by the defendant. In holding that there was no justiciable controversy between the parties and therefore no right in the plaintiffs to maintain a declaratory judgment action, the court stated:

> "The opposition proceeding before the Patent Office is of an administrative nature. It is held in the interest of the public with the Patent Office as the public's representative . . .
>
> Congress has confided the registration of the trademarks to the Patent Office of the United States. The courts of the United States have no jurisdiction over registration proceedings except that appellate jurisdiction given them by the Trade-Mark Act."

The instant case, however, is not one where a party is seeking a declaratory judgment with respect to an application for trademark registration. Rather, the applicant is seeking damages for fraudulent registration of opposer's

trademark, for cancellation of that mark and for a declaratory judgment that there is no trademark infringement, unfair competition and dilution under both federal and state law.[2]

Opposer has also cited Public Service Commission of Utah et al v. Wycoff Company, Inc, 344 US 237 (1952). There, the Supreme Court stated at 246-247:

> ". . . . the declaratory judgment procedure will not be used to preempt and prejudge issues that are committed for initial decision to an administrative body or special tribunal any more than it will be used as a substitute for statutory methods of review. . . . Responsibility for effective functioning of the administrative process cannot be thus transferred from the bodies in which Congress has placed it to the courts."

While we have no dispute with the proposition of law recited by opposer, we believe that this and other cases are simply not apposite. That is, this is not a case where there is primary jurisdiction in the Office or where administrative remedies must be exhausted before review. Rather, a party is free to pursue any action in federal court under the Lanham Act while at the same time seeking to register or to block registration in the Office. To the extent that the proceedings are overlapping or to the extent that the civil case may finally resolve the matters before the Board, the Board exercises its discretion under Rule 2.117.

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[2]Indeed, in holding that the notice of opposition was not a charge of trademark infringement, the court pointed out that there is a distinction

> "between a proceeding to register and a proceeding to redress for infringement. In a proceeding to register the right to use the mark is not involved. (Citations omitted.) Moreover, in an infringement suit the damage involved is either threatened or actual. In a registration proceeding the possibility or probability of damage, or of misleading the public, is the matter considered in an opposition proceeding based on confusion in trade." 185 F.2d 713, 717.

As applicant has pointed out, it is the policy of the Board to suspend proceedings before it when a civil action may be dispositive of the issues involved, notwithstanding the fact that the Patent and Trademark Office proceeding was the first to be filed. See Tokaido v. Honda Associates, Inc, 179 USPQ 861 (TT & A Bd., 1963) and Whopper-Burger, Inc, v. Burger King Corporation, 171 USPQ 805 (TT & A Bd., 1971). Of course, the Patent and Trademark Office determination of applicant's right to register will not be binding on the federal court in a civil action involving applicant's right to use but a federal court's determination of common issues will be followed by this Office. See Tuvache, Inc, v. Emilio Pucci Perfumes International, Inc, 152 USPQ 574 (SD NY 1967). Therefore, a decision by the Board refusing registration to applicant would not be dispositive of applicant's right to use but a court's ruling on applicant's right to use will have a direct bearing on its right to register in the Office. See also American Heritage Life Insurance v. Heritage Life Insurance Company, 175 USPQ 433 (SD Tex., 1972).

As noted above, the question of likelihood of confusion is an issue in the federal suit, and that suit also involves applicant's attempt to cancel the registration pleaded by opposer herein. Since it appears, therefore, that a decision in the civil action will have direct bearing on the issues in this opposition proceeding, applicant's motion to suspend is granted. Accordingly, proceedings herein are suspended until final disposition of the civil case. No later than twenty

days thereafter, the interested party should call this case up for appropriate action.

/s/ Rany Simms
Rany Simms
Attorney Examiner
Trademark Trial and
Appeal Board

Order Denying Defendant's Motion to Dismiss for Lack of Jurisdiction, Dated April 24, 1979.

United States District Court, Central District of California.

Chesebrough-Pond's Inc., a corporation, Plaintiff, v. Faberge, Incorporated, a corporation, Defendant.

Civil Action No. 78-3990 WPG.

Filed: April 24, 1979.

Defendant's original Motion to Dismiss came on regularly for hearing on Monday, February 26, 1979 before this Court. The Court having read and considered the pleadings on file in this action, the memoranda submitted by the parties and the argument of counsel, orally ruled that the Court had subject matter jurisdiction over the action and denied defendant's Motion to Dismiss. However, at the same hearing, the Court stated that it would stay this action pending a final determination by the Trademark Trial and Appeal Board of Opposition No. 57,551.

Before the Court signed the written order concerning the hearing held on February 26, 1979, plaintiff, Chesebrough-Pond's Inc., brought on for hearing on April 16, 1979, its Motion for Reconsideration of that part of the Court's decision ordering a stay of proceedings. The Court having read and considered the pleadings on file in this action, memoranda and affidavits submitted by the parties and the argument by counsel and good cause appearing therefor;

IT IS HEREBY ORDERED:

1. This Court has subject matter jurisdiction over the action and therefore defendant's Motion to Dismiss is denied.

2. Plaintiff's Motion for Reconsideration is granted and the order granting a stay of these proceedings pending a

final determination by the Trademark Trial and Appeal Board of Opposition No. 57,551, is vacated.

DATED: April 24, 1979.

/s/ WILLIAM P. GRAY
UNITED STATES DISTRICT JUDGE

Submitted By
HARRIS, KERN, WALLEN & TINSLEY
By /s/ Richard A. Wallen
Richard A. Wallen
Attorneys for Plaintiff

CERTIFICATE OF SERVICE

It is hereby certified that I am employed in the offices of HARRIS, KERN, WALLEN & TINSLEY as secretary to Richard A. Wallen, who is a member of the Bar of the Central District of California, at whose direction this service is made, and that a copy of ORDER DENYING DEFENDANT'S MOTION TO DISMISS FOR LACK OF JURISDICTION was sent by first class mail, postage prepaid, to the defendant's attorneys addressed as follows:

Christina A. Snyder, Esq.
Wyman, Bautzer, Rothman & Kuchel
2049 Century Park East, 14th Floor
Los Angeles, California 90067

Dated: April 20, 1979 at Los Angeles, California.

/s/ Patricia B. Normington
PATRICIA B. NORMINGTON

Order Suspending Injunction Pending Appeal, Entered October 16, 1980.

In the United States District Court, Central District of California.

Chesebrough-Pond's Inc., a corporation, Plaintiff, v. Faberge, Incorporated, a corporation, Defendant.

Faberge, Incorporated, a corporation, Counterclaimant, v. Chesebrough-Pond's Inc., a corporation, Counter-defendant.

Civil Action No. 78-3990 WPG.

Entered: October 16, 1980.

Defendant Faberge's APPLICATION TO SUSPEND INJUNCTION PENDING APPEAL came on regularly for hearing before this Court on September 22, 1980. Plaintiff, Chesebrough, appeared at said hearing through its counsel of record, Richard A. Wallen, and Defendant, Faberge, the moving party, appeared through its counsel of record William K. Rieber. The parties presented their respective arguments, written and oral, supporting and opposing said motion and the Court having duly considered said arguments and being fully advised in the premises hereby rules as follows.

The Court adheres to its Findings of Fact and Conclusions of Law heretofore entered herein and to the Final Summary Judgment issued thereon. However, the Court now believes that insofar as the injunctive provisions of said judgment prevent or purport to prevent Faberge from applying to the Trademark Trial and Appeal Board of the United States Patent and Trademark Office to reinstate the presently suspended opposition proceedings therein, and continue prosecuting said opposition, this court should defer to the Patent and Trademark Office tribunal, which has primary jurisdiction over such matters.

Accordingly it is hereby ORDERED AND ADJUDGED that

The injunctive provisions of the final Judgment herein executed January 30, 1980 which enjoin Faberge from opposing registration of the mark MATCH, to wit, those included in paragraph 6(b) of said Judgment, are hereby stayed pending a final determination of *Faberge Incorporated, Appellant, v. Chesebrough-Pond's, Inc., Appellee*, Appeal No. 80-5117 in the United States Court of Appeals for the Ninth Circuit, or until further order of this Court.

Dated: October 15, 1980.

/s/ WILLIAM P. GRAY
United States District Judge

Presented By:
WILLIAM K. RIEBER
Original signed by
WILLIAM K. RIEBER
Attorney for Defendant

Disapproved as to Form
3:30 p.m. Sept. 23, 1980
/s/ Richard A. Wallen
Richard A. Wallen
Attorney for Plaintiff

Decision of the Trademark Trial and Appeal Board Dated March 5, 1981.

[Letterhead]

Opposition No. 57,551. Faberge, Incorporated v. Chesebrough-Pond's Inc.

Mailed: March 5, 1981.

This case now comes up on opposer's motion to lift the suspension of this proceeding which was suspended pending the outcome of a federal suit involving the parties. Applicant has opposed the motion and opposer has filed a reply brief.[1]

Applicant brought suit against opposer in the United States District Court for the Central District of California. Among other things, applicant sought a declaratory judgment that there was no trademark infringement, unfair competition or dilution as a result of use by applicant of the mark "MATCH" with respect to any rights which opposer may have in the term "MACHO". Inasmuch as the question of likelihood of confusion was an issue in the federal suit and since that action also involved applicant's attempt to cancel the registration pleaded by opposer, the Board suspended proceedings herein pending the outcome of the federal litigation.[2]

The district court granted applicant's request for declaratory judgment on January 31, 1980. The court held that applicant's mark "MATCH" does not infringe opposer's mark "MACHO". Opposer has appealed that decision to the Court of Appeals for the Ninth Circuit on the ground

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[1]Applicant has moved to strike opposer's reply brief on the ground that there is no provision for the filing of a reply brief on motions. In view of the circumstances set forth in applicant's motion and since opposer has not objected, the motion is granted to the extent that the Board has not considered the remarks made in opposer's reply brief.

[2]Applicant's attempt to cancel the registration in the civil action has apparently been dropped.

that, among other things, the court lacked jurisdiction because there was no justiciable controversy on which to predicate a declaratory judgment action.

It is opposer's position that this opposition proceeding involves issues which are not before the court in the civil case. More particularly, opposer states that it will show that applicant has discontinued use of the mark for which registration is sought after initial, token use, so that applicant's mark has become abandoned. While the district court initially enjoined opposer from contesting applicant's right to register in this proceeding, on motion this injunction was suspended pending appeal.[3]

In opposition to the motion, applicant contends that the reasons for suspension are as applicable today as they were when the decision concerning suspension was before the Board. In addition, applicant contends that the question of abandonment has not been pleaded by opposer in this proceeding and that, in any event, if the Court of Appeals affirms the lower court on the question of likelihood of confusion, then opposer herein will not have standing on which to raise the issue of abandonment. Finally, applicant states that the issue of abandonment of applicant's mark has been raised by opposer on appeal.

Applicant's points are well taken. We remain convinced that it is better practice to maintain the suspension of this proceeding because the final determination in the civil action may well be dispositive of this opposition proceeding. After

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[3]Opposer argues that "it is clear that the District Court concedes that this Board should adjudicate those issues which were not before the District Court in California and over which this Board, and not the District Court, has jurisdiction." As applicant has pointed out, the District Court merely indicated that the question of resumption of proceedings should be left to this Office.

such final determination, the Board will consider the effect of the disposition of that case upon this proceeding.

Accordingly, opposer's motion to lift the suspension of this proceeding is denied. Proceedings herein remain suspended pending final determination of the civil action. Within twenty days after the final determination thereof, the interested party should call up this opposition proceeding for appropriate action.

/s/ Rany L. Simms
Rany L. Simms
Acting Member, Trademark
Trial and Appeal Board

Letter From the Clerk of the Court, Dated July 9, 1982.

[Letterhead]

July 9, 1982

Richard A. Wallen, Esq.
Harris, Kern, Wallen & Tinsley
Quinby Building, Top Floor
650 South Grand Avenue
Los Angeles, California 90017

RE: *Faberge, Incorporated v. Chesebrough-Pond's, Inc.*
No. 81-2303

Dear Mr. Wallen:

Your request of July 7, 1982 for an extension of time within which to file a response to the petition for a writ of certiorari in the above-entitled case has been granted, but your time has been extended only to and including August 6, 1982.

No further request for an extension of time will be entertained by the Clerk.

Very truly yours,
ALEXANDER L. STEVAS, Clerk
By /s/ Francis J. Lorson
Francis J. Lorson
Chief Deputy Clerk

rjb
cc: William K. Rieber, Esq.

Office - Supreme Court, U.S.
FILED
SEP [illegible]
ALEXANDER L. STEVAS,
CLERK

No. 81-2303
IN THE

Supreme Court of the United States

October Term, 1981

FABERGE, INCORPORATED, a Delaware Corporation,
Petitioner,

vs.

CHESEBROUGH-POND'S, INC., a New York corporation,
Respondent.

PETITIONER'S REPLY BRIEF IN SUPPORT OF PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT.

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No. 81-2303

IN THE

Supreme Court of the United States

October Term, 1981

FABERGE, INCORPORATED, a Delaware Corporation,
Petitioner,

vs.

CHESEBROUGH-POND'S, INC., a New York corporation,
Respondent.

PETITIONER'S REPLY BRIEF IN SUPPORT OF PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT.

Respondent, Chesebrough-Pond's, Inc. (hereinafter "Chesebrough"), has filed a Brief in Opposition to the Petition herein which requires a brief response. Petitioner, Faberge, Incorporated (hereinafter "Faberge") accordingly submits the following reply.

Chesebrough's Charge That Faberge Misstated the History of the Proceedings Below Is Untrue.

Chesebrough's charge (Brief in Opposition, page i) that Faberge has misstated the record, is untrue and unwarranted. On page 5 of the Brief in Opposition, Chesebrough lists five alleged omissions or misstatements which it charges infect our brief in support of the Petition. As a premise for those allegations Chesebrough has added an Appendix to

its brief in which certain matters are included which were not included in Faberge's Appendix.

While we make no objection to this Court considering the matters set forth in Chesebrough's Appendix, we respectfully observe that none of these matters was included in the Record before the Court of Appeals for the Ninth Circuit and are therefore technically aliunde the record before this Court. It is for that reason that they were not included in Faberge's original Appendix. No deception was intended by the omission.

Moreover, it is clear that when properly interpreted, none of the items added by Chesebrough's Appendix alters the substance of the Petition or constitutes any reason for denying the Petition.

Faberge Raised Its Jurisdictional Objection in the District Court.

One Appendix item is seriously misinterpreted by Chesebrough and requires correction and a short Supplemental Appendix. Chesebrough argues that Faberge did not raise any objection to jurisdiction in response to Chesebrough's motion for summary judgment (item 2, page 5 — Brief in Opposition). That argumentative statement, while perhaps technically true, is highly misleading.

The fact is that undersigned counsel never had an opportunity to respond directly to Chesebrough's motion for summary judgment because they were not associated herein on behalf of Faberge until December 21, 1979. By that time the District Court had already granted Chesebrough's motion for summary judgment and was engaged in considering proposed Findings of Fact and Conclusions of Law and Judgment as lodged by Chesebrough.

The initial memorandum filed by undersigned counsel on behalf of Faberge — "Defendant's Objections to Plaintiff's

Second Proposed Findings of Fact and Conclusions of Law" — was filed in the District Court on January 17, 1980. Contrary to Chesebrough's present contention, Faberge *did* in that January 17 memorandum raise and seek reconsideration of the question of jurisdiction in the District Court. A copy of this document is included as a Supplemental Appendix hereto since it squarely rebuts Chesebrough's contention that Faberge never raised any objection to jurisdiction to grant summary judgment.

As this Court will observe, Faberge's primary objection and request for reconsideration voiced in its January 17 memorandum was based on the *Merrick* rule and the District Court's failure to observe that rule.

In our initial memorandum (Supplemental Appendix, page 3) we also reminded the District Court of the limited nature of "Findings of Fact" in a summary judgment proceeding citing *Trowler v. Phillips*, 260 F.2d 924 (9th Cir., 1958) on this point.

Our closing remarks in the subject memorandum were, in pertinent part, as follows:

> "We respectfully submit that in the words of the Ninth Circuit Court of Appeals, the Findings proposed by the Plaintiff . . . constitute 'a tell-tale flag that points the way to a discovery that Summary Judgment should not have been granted'. The Court is urged to reconsider this matter in that light, particularly the threshold question of subject matter jurisdiction in view of . . . *Merrick* (185 F.2d 713) and the *Public Commission of Utah* etc. case (344 U.S. 237).
>
> "In any event the Court is asked to reject the proposed Findings submitted by Plaintiff and with respect to the jurisdiction issue to make a clear finding that the only communication between the parties upon which Plaintiff seeks to base a justiciable controversy is the

> Faberge-Ward letter of August 25, 1975 attached as Exhibit A to Faberge's Motion to Dismiss, filed herein December 22, 1978."

It is significant that the District Court understood and acknowledged our attack on jurisdiction but ignored the *Merrick* rule and erroneously concluded on the basis of the August 25, 1975 letter alone, that federal declaratory judgment jurisdiction existed in this case. In its Memorandum to Counsel (Petitioner's original Appendix, page 13) the District Court stated in pertinent part:

> "(b) The only change that I made in the findings was to make clear that my conclusion that there was a justiciable controversy giving jurisdiction to this court *is based entirely upon the letter of August 25, 1975. This is in fulfillment of the request made by the defendant.*" (Emphasis added).

The District Court's Memorandum to Counsel (see Petitioner's original Appendix, pages 13 and 14) then proceeds to explain in detail how, on the basis of the August 25 letter alone, the District Court "inferred" the potential existence of a justiciable controversy "several years down the road" which might — the District Court surmised — give rise to federal declaratory judgment jurisdiction. This inference drawn by the District Court was in clear violation of the *Merrick* rule and, moreover, was based on sheer speculation and not undisputed fact. The latter circumstance compounded the error of the District Court being in clear violation of this Court's statement of the rule applicable in summary judgment cases. *Adickes v. S. H. Kress and Company*, 398 U.S. 144 (1970).

Chesebrough's argument — fallacious as it is — suggests that Faberge waived its objection to federal jurisdiction by failing to raise such objection in the District Court. Such is not the law. Federal courts are courts of limited jurisdic-

tion, and the right to contest such jurisdiction as to subject matter is never waived. It can be raised and questioned at any stage, by any party, in any court, trial or appellate. *Mitchell v. Maurer*, 293 U.S. 237 (1934).

The foregoing fully answers the first four arguments itemized on page 5 of Chesebrough's Brief in Opposition. The fifth point raised by Chesebrough on page 5 of its Brief in Opposition (suspension of the District Court injunction) is without present significance since the Court of Appeals ultimately affirmed the injunction which had been temporarily suspended, pursuant to the District Court's Order.

There Were No "Other Facts" Established in This Case by Which Merrick v. Sharp & Dohme Can Be Distinguished.

One analytical comment contained in the Brief in Opposition highlights an important reason for granting the present writ and review by this Court. That comment constitutes an attack on Faberge's statement of the *Merrick* rule. Faberge's argument concerning *Merrick* is characterized by Chesebrough as misleading because, it is contended in the case at bench: "there definitely were 'other facts' and the controversy did not arise merely from Faberge's threat to file an opposition proceeding." (Brief in Opposition, pages 8 and 9). The Brief in Opposition then goes on to list, on page 9, four alleged factual circumstances "found" by the Court of Appeals below. *No such undisputed facts were ever established in this case.*

We observe that "findings of fact" by a Court of Appeals would be inappropriate in any case and certainly inappropriate in a summary judgment proceeding. *Trowler v. Phillips*, 260 F.2d 924 at 926 (9th Cir., 1958).

In *Adickes v. S. H. Kress and Company*, 398 U.S. 144 (1970) this Court cited the Advisory Committee notes anent Rule 56(c) and its 1963 amendment as follows:

> "Where the evidentiary matter in support of the motion [for summary judgment] does not establish the absence of a genuine issue, summary judgment must be denied *even if no opposing evidentiary matter is presented.*" *Ibid.* at page 160 (Emphasis added by the Court).

No evidentiary matter was ever submitted by Chesebrough to justify or support what it now claims to be "other facts" distinguishing the *Merrick* case.

Thus it is clear that the District Court exceeded its jurisdiction when it "inferred" a justiciable controversy *solely* from a letter threatening to oppose registration of Chesebrough's mark. Such inference is directly contrary to the rule of the *Merrick* case.

It bears emphasis that Chesebrough's statement that there were "definitely other facts" besides the controversial letter of August 25, 1975 supporting declaratory judgment jurisdiction, is directly contradicted by the District Court's own statement:

> "[M]y conclusion that there was a justiciable controversy giving jurisdiction to this court *is based entirely upon the letter of August 25, 1975.*"

Petitioner's original Appendix, page 13 (emphasis added).

Conclusion.

For the reasons stated in our original Petition and in this Reply Brief, we submit that a writ of certiorari should issue in this case.

Dated: August 23, 1982.

Respectfully submitted,

WILLIAM K. RIEBER,
FULWIDER, PATTON, RIEBER,
LEE & UTECHT,
Attorneys for Petitioner.

SUPPLEMENTAL APPENDIX.

Defendant's Objections to Plaintiff's Second Proposed Findings of Fact and Conclusions of Law, Dated January 16, 1980.

In the United States District Court, Central District of California.

Chesebrough-Pond's Inc., a corporation, Plaintiff, v. Faberge, Incorporated, a corporation, Defendant.

Faberge, Incorporated, a corporation, Counterclaimant, v. Chesebrough-Pond's Inc., a corporation, Counter-defendant. Civil Action No. 78-3990 WPG.

Filed January 17, 1980.

Defendant respectfully repeats its objections previously voiced to Plaintiff's Proposed Findings of Fact and Conclusions of Law. In response to Defendant's previous objections Plaintiff has redrafted as its "Second Proposed Findings etc." essentially the same Findings and Conclusions objected to before.

Without repeating all of the previous objections, we respectfully direct the Court's attention to one "Catch 22" aspect of this case which has hitherto not been mentioned.

This conflict arose initially by reason of Faberge's filing in the Patent and Trademark Office an opposition to Chesebrough's registration of the trademark MATCH. In reaction to this opposition proceeding Chesebrough, Plaintiff herein, filed the present Declaratory Judgment action seeking various forms of relief by way of Declaratory Judgment and cancellation of Faberge's registrations.

It is well established that the filing of an opposition in the Patent and Trademark Office does *not* give rise to a justiciable controversy that will support a Declaratory Judgment action in the District Court. See *Merrick et al. v.*

Sharp & Dohme, 185 F.2d 713 (7th Cir., 1950). In *Merrick* the Court stated the law thusly:

> "Congress has confided the registration of trade-marks to the Patent Office of the United States, The courts of the United States have no jurisdiction over registration proceedings except that appellate jurisdiction given them by the Trade-Marks Act." 185 F.2d 713 at 717.

On that basis Faberge unsuccessfully moved in 1978 to dismiss the action for lack of subject matter jurisdiction, to wit, lack of a "justiciable controversy".

It is worthy of note that in the case at Bench as was also true in *Merrick* the only communication between the parties alleged to give rise to a justiciable controversy was Faberge's letter concerning its intent to file an opposition in the Patent and Trademark Office. That letter is attached as Exhibit A to counsel's affidavit in support of Faberge's Motion to Dismiss. Clearly the Faberge-Ward letter does not constitute a threat of action for infringement or even discuss the possibility of such action. The supposed threats of infringement action have been generated only by arguments of Plaintiff's counsel and we respectfully submit that such arguments cannot be used as substitutes for an actual justiciable controversy.

Faberge's motion to dismiss was denied, obstensibly because the case involved claims by Chesebrough such as Faberge's alleged fraud and abandonment of its trademark. Thus, apparently because of the existence of these other issues, the case remained in this Court and the opposition proceedings which could and would have resolved the one existing controversy in accordance with well established precedents was suspended in favor of this action.

Now the Court has persuaded the Plaintiff to drop all of the ancillary causes which prevented the dismissal of the

case in 1978 and has decided by Summary Judgment the one matter which was pending in the Patent Office Tribunals, thus, with due respect, violating the principles enunciated in *Public Service Commission of Utah et al. v. Wycoff Company, Inc.*, 344 U.S. 237 (1952). There the Supreme Court said:

> ". . . the declaratory judgment procedure will not be used to preempt and prejudge issues that are committed for initial decision to an administrative body or special tribunal any more than it will be used as a substitute for statutory methods of review."
>
> Ibid. at 241

We also reiterate a point which has frequently been stated by the Ninth Circuit Court of Appeals and that is that "Findings of Fact" in the real sense of the word are singularly inappropriate in a Summary Judgment proceeding. In *Trowler v. Phillips*, 260 F.2d 924 (9th Cir., 1958) a copyright case in which summary judgment was reversed, the Court of Appeals said:

> "It is interesting to note that findings of fact and conclusions of law were prepared and signed. The theory of a summary judgment is that there are no disputed facts. We have seen findings of fact accompanying summary judgments, Rule 52(a) of the Federal Rules of Civil Procedure, 28 U.S.C.A., which, while unnecessary, did provide a handy summary. But all too often a set of unnecessary findings of fact is the telltale flag that points the way to a discovery that summary judgment should not have been granted."
>
> Ibid. at 926

The Court in rendering Summary Judgment has no power to make Findings in the usual manner by weighing evidence and must make its ruling solely on the basis of facts which are agreed to by all parties. Clearly the parties in the case

at bar are in strong disagreement as to a number of "facts" which should be determined before a final ruling can be had in this case. In this connection we cite *J. B. Williams Co., Inc. v. Le Conte Cosmetics, Inc.*, 523 F.2d 187 at 191 where the Court said:

> "In order to determine whether there is a likelihood of confusion in a trademark infringement case, the Court must consider numerous factors, including *inter alia* the strength or weakness of the marks, similarity in appearance, sound, and meaning, the class of goods in question, the marketing channels, evidence of actual confusion, and evidence of the intention of defendant in selecting and using the alleged infringing name. See *Carter-Wallace, Inc. v. Procter & Gamble Co., supra*, 434 F.2d at 800; *Paul Sachs Originals Co. v. Sachs, supra*, 325 F.2d at 214. After considering these factors, the Court then must determine whether there exists a likelihood of confusion."

The Court has in the present case based its Summary Judgment solely on a consideration of the printed words MACHO and MATCH and has failed to give any consideration or permit the introduction of evidence of any of the several other factors which the Ninth Circuit has repeatedly found necessary to consider in trademark cases.

We respectfully submit that in the words of the Ninth Circuit Court of Appeals the Findings proposed by the Plaintiff initially and currently constitute "a tell-tale flag that points the way to a discovery that Summary Judgment should not have been granted". The Court is urged to reconsider this matter in that light, particularly the threshold question of subject matter jurisdiction in view of the *Merrick* (185 F.2d 713) and the *Public Commission of Utah* etc. case (344 U.S. 237).

In any event the Court is asked to reject the proposed Findings submitted by Plaintiff and with respect to the jurisdiction issue to make a clear finding that the only communication between the parties upon which Plaintiff seeks to base a justiciable controversy is the Faberge-Ward letter of August 25, 1975 attached as Exhibit A to Faberge's Motion to Dismiss, filed herein December 22, 1978.

Respectfully submitted,

FULWIDER, PATTON, RIEBER,
LEE & UTECHT
WILLIAM K. RIEBER
WILLIAM G. ANDERSON

January 16, 1980

By /s/ William K. Rieber
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CERTIFICATE OF SERVICE

I hereby certify that I am a member of the bar of the State of California and of this Court and that the foregoing DEFENDANT'S OBJECTIONS TO PLAINTIFF'S SECOND PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW was served on Plaintiff's attorneys, Richard A. Wallen, Esq., Harris, Kern, Wallen & Tinsley, Quinby Building, Top Floor, 650 South Grand Avenue, Los Angeles, California 90017 by first class mail postage prepaid this 17th day of January, 1980.

/s/ William G. Anderson
William G. Anderson